

Financial Statements and Independent Auditor's Report

Applied Policy Research Institute of Armenia Foundation

31 December 2024

Contents

Independent Auditor's Report	3
Members of the Board of Trustees as at 31 December 2024	5
Statement of income and expenses and changes in net assets	6
Statement of financial position	7
Statement of cash flows	8
Notes to the financial statements	9

Independent Auditor's Report

To the Board of Trustees of Applied Policy Research Institute of Armenia Foundation

Opinion

We have audited the financial statements of Applied Policy Research Institute of Armenia Foundation (the "Foundation"), which comprise the statement of financial position as at 31 December 2024, and the statement of income and expenses and changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Foundation as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Armenia, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

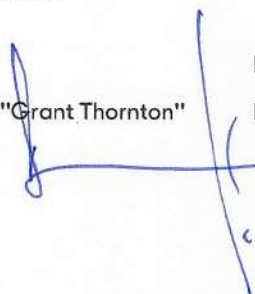
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Armen Hovhannisyan
Chief Executive Officer of "Grant Thornton"
CJSC



Emil Vassilyan, FCCA
Engagement Partner



29 April 2025

Members of the Board of Trustees as at 31 December 2024

Yervant Zorian

Chairman

Suzy Missirian Antounian

Member

Vache Gabrielyan

Member

David Akopyan

Member

Arda Nazerian

Member

Bella Markarian

Member

Vasken Yacoubian

Member

Statement of income and expenses and changes in net assets

In thousand AMD

	Notes	2024	2023
Income from donations and grants related to assets	5	500,978	308,935
Other income		8,166	733
Project expenses	6	(379,176)	(293,074)
Operating result		129,968	16,594
Finance costs		(3,761)	(3,633)
Net gain (loss) from foreign exchange rate differences		489	(1,427)
Profit before income tax		126,696	11,534
Income tax expense	7	(454)	(132)
Net result for the year		126,242	11,402
		2024	2023
Net assets at the beginning of the year		11,402	-
Net result for the year		126,242	11,402
Net assets at the end of the year		137,644	11,402

The statement of income and expenses and changes in net assets is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 9 to 23.

Statement of cash flows

In thousand AMD	Notes	2024	2023
<i>Cash flows from operating activities</i>			
Profit for the year		126,242	11,402
<i>Adjustments for:</i>			
Depreciation and amortization		25,436	15,195
Finance cost		3,761	3,633
Finance income		(289)	(214)
Income tax expense		454	132
Income from donations and grants related to assets		(500,978)	(308,935)
Foreign exchange (gain) loss		(489)	1,427
Operating loss before working capital changes		(345,863)	(277,360)
Change in advances and accounts receivable		(14,680)	(883)
Change in accounts payable		6,081	16,119
Cash used in operations		(354,462)	(262,124)
Income tax paid		(184)	-
Net cash used in operating activities		(354,646)	(262,124)
<i>Cash flows from investing activities</i>			
Acquisition of property and equipment and intangible assets		(6,661)	(20,585)
Donations received		495,823	324,928
Interest income received		289	214
Net cash from investing activities		489,451	304,557
<i>Cash flows from financing activities</i>			
Repayment of leasing liabilities		(19,123)	(12,749)
Net cash used in financing activities		(19,123)	(12,749)
Net increase in cash and cash equivalents		115,682	29,684
Foreign exchange effect on cash		176	(1,427)
Cash and cash equivalents, beginning of the year		28,257	-
Cash and cash equivalents, end of year		144,115	28,257

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 9 to 23.

Notes to the financial statements

Applied Policy Research Institute of Armenia foundation

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

1 Nature of operations

The Applied Policy Research Institute of Armenia (APRI Armenia) is an independent think tank and policy accelerator focused on advancing regional stability, sustainable prosperity, and civic engagement.

The Foundation provides policy recommendations and suggests constructive solutions to the relevant stakeholders to help develop solutions that can unlock tremendous potential and positive outcomes for the development of the Armenian nation.

APRI Armenia's mission is to shift Armenia's trajectory toward a more stable, sustainable, and democratic future.

Donations received by the Foundation, as well as operating expenses, are exempt from income tax. Income tax expense mainly arises from financial income received from bank funds (accounts and deposits).

The Foundation is a charitable foundation registered according to the legislation of the Republic of Armenia. Charitable foundations are not entitled to declare and pay dividends.

2 General information, statement of compliance with IFRS and going concern assumption

APRI Armenia was launched thanks to the generous support of the Armenian General Benevolent Union and a group of more than a dozen philanthropic donors from around the world.

The Foundation's registered office is 2/2 Meliq Adamyan Street, Yerevan, Republic of Armenia.

The average number of employees of the Foundation during 2024 was 12 employees (2023: 10 employees).

The financial statements of the Foundation have been prepared in accordance with International Financial Reporting Standards ("IFRS") as developed and published by the International Accounting Standards Board (IASB), and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements are prepared on a going concern basis, as management is satisfied that the Foundation has adequate resources to continue as a going concern for the foreseeable future. In making this assessment, management has considered a wide range of information including projection of profitability, regulatory capital requirements and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital and liquidity of the Foundation.

Business environment

Armenia's business environment faces challenges due to geopolitical tensions, particularly ongoing aggression from Azerbaijan, and regional instability. The war in Ukraine has further complicated the situation, causing disruptions in trade, sanctions on Russia, and global inflation. Armenia's reliance on Russia has strained, affecting trade, remittances, and security guarantees, urging Armenia to diversify its economic relationships, though this comes with its own risks.

The Armenian dram is stronger than expected, controlling inflation but creating difficulties for exporters and businesses with foreign-currency liabilities. Global inflation and rising energy costs pressure Armenia's economy, especially due to reliance on imports.

Despite these challenges, businesses are diversifying supply chains and exploring new markets, while the government's reform efforts provide a path for long-term stability. However, Armenia's success will depend on its businesses' ability to navigate these risks effectively.

These financial statements reflect management's assessment of the impact of the Armenian business environment on the operations of the Foundation. The Foundation's management constantly analyzes the economic situation in the current environment. The future economic and political situation and its impact on the Foundation's operations may differ from the management's current expectations

3 New or revised standards or interpretations

3.1 New standards adopted as at 1 January 2024

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

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

New standards and amendments described below and applied for the first time in 2024 did not have a material impact on the annual financial statements of the Foundation:

- "Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants" (Amendments to IAS 1)
- "Lease Liability in a Sale and Leaseback" (Amendments to IFRS 16)
- "Non-current Liabilities with Covenants" (Amendments to IAS 1)

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

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

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

Management does not anticipate a material impact on the Foundation's financial statements from these Standards and Amendments. They are presented below:

- "Lack of Exchangeability" (Amendments to IAS 21)
- "Classification and Measurement of Financial Instruments" (Amendments to IFRS 9 and IFRS 7)
- IFRS 18 "Presentation and Disclosures in Financial Statements"

4 Material accounting policies

4.1 Basis of preparation

The financial statements have been prepared on an accruals basis and under the historical cost convention.

4.2 Foreign currency

Functional and presentation currency

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

These financial statements are presented in AMD, since management believes that this currency is more useful for the users of these financial statements. All financial information presented in AMD has been rounded to the nearest thousand.

Foreign currency transactions

In preparing the financial statements, transactions in currencies other than the functional currency are recorded at the rates of exchange defined by the Central Bank of Armenia prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates defined by the Central Bank of Armenia prevailing on the reporting date, which are as follows:

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

	31 December 2024	31 December 2023
AMD/1 USD	396.56	404.79
AMD/1 EUR	413.89	447.90

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

4.3 Income

Income of the Foundation arises from donations received, interest from Foundation's cash, etc.

Income from donations

Donations received by the Foundation where no condition is attached to the transfer of amounts are recognized as income when they become receivable.

Donations received which are earmarked for incurring particular expenses are recognized as deferred income in the current period and subsequently recognized in the result of the year on a systematic basis in the same periods in which the expenses are recognized.

4.4 Property and equipment

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

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

Expenditure to replace a component of an item of property and equipment that is accounted for separately is capitalized with the carrying amount of the component being written off. Other subsequent expenditure is capitalized if future economic benefits will arise from the expenditure. All other expenditure, including repair and maintenance, is recognized in the result for the year as incurred.

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

Computer equipment and fittings	- 1-8 years
Other	- 3-8 years.

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

4.5 Leased assets

The Foundation as a lessee

The Foundation makes the use of leasing arrangements principally for the provision of office spaces. Lease terms for office premises have lease terms of 16 years without any extension terms.

The Foundation assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all the economic benefits of an identified asset for a period of time in exchange for consideration.

To apply lease definition, the Foundation assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Foundation
- the Foundation has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Foundation has the right to direct the use of the identified asset throughout the period of use. The Foundation assesses whether it has the right to direct “how and for what purpose” the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Foundation recognizes a right-of-use asset and a lease liability in its statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Foundation, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Foundation depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Foundation also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Foundation measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Foundation’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Foundation has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

4.6 Financial instruments

Recognition and derecognition

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

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

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

Classification and initial measurement of financial assets

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

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

- amortized cost
- fair value through profit or loss (FVTPL)

- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

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

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses. A summary of the Foundation's financial assets by category is given in Note 10.

Subsequent measurement of financial assets

Financial assets at amortized cost

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

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

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

Impairment of financial assets

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

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

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

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

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

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

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

Classification and measurement of financial liabilities

The Foundation's financial liabilities include trade and other payables, finance lease liabilities. A summary of the Foundation's financial liabilities by category is given in Note 10.

Trade and other payables

Trade and other payables are stated at fair value and subsequently stated at amortized cost.

4.7 Grants

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

Grants are recognized as income over the periods necessary to match them with the cost for which they are intended to compensate, on a systematic basis. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Foundation with no future related costs are recognized as income in the period in which they become receivable.

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

Grants that are receivable for the purpose of giving immediate financial support to the Foundation with no future related costs (for general operating, charter purposes of the Foundation) are recognized in profit or loss in the period in which they become receivable.

4.8 Income taxes

Current tax

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

4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

For the purpose of the statement of cash flows, cash equivalents are on-demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Foundation classifies investments as a cash equivalent if it is readily convertible to a known amount of cash and is subject to an insignificant risk of changes in value.

4.10 Employee benefits

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

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

When employees render services to the Foundation during the accounting period, the Foundation recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- (a) as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Foundation shall recognize that excess as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.
- (b) as an expense, unless the amount is included in the cost of an asset.

Paid absences

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

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

(b) in the case of non-accumulating paid absences, when the absences occur.

Bonuses

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

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

4.11 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires management to make critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

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

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

Useful lives of property and equipment

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

Lease

Estimates and judgments relating to lease are presented in note 6.

5 Income from donations and grants related to assets

	2024	2023
Income from donations (Note 14)	491,338	304,336
Income from grants related to assets (Note 12)	9,640	4,599
	500,978	308,935

6 Project expenses

	2024	2023
Employee compensation	252,942	215,280
Participation in events and representation expenses	72,496	42,990
Depreciation and amortization	25,435	15,195
Business trip and representation expenses	11,122	16,103
Other	17,181	3,506
	379,176	293,074

7 Income tax expense

	2024	2023
Current tax	454	132
Total income tax expense	454	132

Reconciliation of the effective tax rate is as follows:

	2024	Effective tax rate (%)	2023	Effective tax rate (%)
<i>Profit before taxation (under IFRSs)</i>	126,696		11,534	
Tax calculated at a tax rate of 18% (2023: 18%)	22,805	18.0	2,076	18.0
Non-taxable items, net	(22,351)	(17.64)	(1,944)	(16.9)
Income tax expense	454	(0.36)	132	1.1

8 Property and equipment

	Machinery and equipment	Other	Total
Cost			
Balance at 1 January 2023	-	-	-
Additions	12,645	7,323	19,968
Balance at 31 December 2023	12,645	7,323	19,968
Additions	1,740	2,745	4,485
Balance at 31 December 2024	14,385	10,068	24,453
Accumulated depreciation and impairment			
Balance at 1 January 2023	-	-	-
Charge for the year	4,032	104	4,136
Balance at 31 December 2023	4,032	104	4,136
Charge for the year	8,453	1,026	9,479
Balance at 31 December 2024	12,485	1,130	13,615
Carrying amount			
Balance at 31 December 2023	8,613	7,219	15,832
Balance at 31 December 2024	1,900	8,938	10,838

None of the Foundation's property and equipment have been pledged as a security as at 2024 and 2023.

9 Leases

Right-of-use assets

	Office space
Cost	
Balance at 1 January 2023	-
Additions	42,845
Balance at 31 December 2023	42,845
Balance at 31 December 2024	42,845
Accumulated depreciation and impairment	
Balance at 1 January 2023	-
Charge for the year	10,603
Balance at 31 December 2023	10,603
Charge for the year	15,796
Balance at 31 December 2024	26,399
Carrying amount	
Balance at 31 December 2023	32,242
Balance at 31 December 2024	16,446

Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	31 December 2024	31 December 2023
Current	18,367	15,362
Non-current	-	18,367
Total lease liabilities	18,367	33,729

The Foundation has leased office spaces. The lease is reflected in the statement of financial position as a right-of-use asset and a lease liability.

The movement of lease liability is presented below:

	Minimum lease payments	
	31 December 2024	31 December 2023
Balance at the beginning of year	33,729	-
Additions	-	42,845
Lease payments	(19,123)	(12,749)
Interest cost	3,761	3,633
Balance at the end of year	18,367	33,729

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2024 were as follows:

	Minimum lease payments	
	31 December 2024	31 December 2023
Within one year		
Lease payments	19,843	19,123
Finance charges	(1,476)	(3,761)
	18,367	15,362
In second to fifth years inclusive		
Lease payments	-	19,843
Finance charges	-	(1,476)
	-	18,367
Net present value	18,367	33,729

The total cash outflow from rental for the year ended 31 December 2024 was AMD 19,123 thousand (2023: AMD 12,749 thousand).

10 Financial assets and liabilities

10.1 Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition and the basis on which income and expenses are recognized, in respect of each class of financial asset and financial liability are disclosed in Note 4.7. The carrying amounts of financial assets and financial liabilities in each category are as follows:

Financial assets

	31 December 2024	31 December 2023
Amortized cost		
Accounts receivable	-	385
Cash and cash equivalents	144,115	28,257
Total financial assets at amortized cost	144,115	28,642
Total financial assets	144,115	28,642

Financial liabilities

	31 December 2024	31 December 2023
Amortized cost		
Lease liabilities	18,367	33,729
Trade and other payables	11,609	5,001
Total financial liabilities at amortized cost	29,976	38,730
Total financial liabilities	29,976	38,730

11 Cash and cash equivalents

For the purpose of the statement of cash and cash equivalents include cash in banks. Bank balances at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position, as follows:

	31 December 2024	31 December 2023
Bank accounts in national currency	103,874	13,662
Bank accounts in foreign currency	40,241	14,595
Total cash and cash equivalents	144,115	28,257

See Note 17 for the currencies in which the cash and cash equivalents are denominated.

12 Grants related to assets

	31 December 2024	31 December 2023
Balance at the beginning of year	15,993	-
Increase from grants related to income	4,485	20,592
Used during the year (Note 5)	(9,640)	(4,599)
Balance at the end of year	10,838	15,993

13 Trade and other payables

	31 December 2024	31 December 2023
Payables to employees	9,010	4,827
Payables to the State budget	6,300	6,663
Advances received	4,226	4,455
Other	2,599	174
Total	22,135	16,119

14 Donations

	2024	2023
Balance at the beginning of year	-	-
Funds received during the year	495,823	324,928
Transfer to grants related to assets	(4,485)	(20,592)
Used during the year (Note 5)	(491,338)	(304,336)
Balance at the end of year	-	-

Funds received during the year are presented below:

	31 December 2024	31 December 2023
Armenian General Benevolent Union, New York	439,314	312,888
Armenian General Benevolent Union, Armenia	19,200	9,600
Candide Foundation	17,418	283
Friedrich Naumann Foundation	3,527	-
Calouste Gulbenkian Foundation	9,289	-
Other	7,075	2,157
	495,823	324,928

15 Related parties

The Foundation's related parties include its members of the Board of Trustees, Armenian General Benevolent Union and key management.

15.1 Transactions with related parties

The Foundation had the following transactions with the related parties.

	2024	2023
Donations received	458,514	322,488
Total	458,514	322,488

15.2 Transactions with management and close family members

Key management received the following remuneration during the year, which is included in Staff expenses.

	2024	2023
Salaries and bonuses	1,248	1,148
Total	1,248	1,148

16 Contingent liabilities

16.1 Insurance

The Armenian insurance industry is in its development stage and many forms of insurance protection common in other parts of the world are not yet generally available in Armenia. The Foundation does not have full coverage for its plant facilities, business interruption, or third party liability in respect of property or environmental damage arising from accidents on the Foundation property or relating to the Foundation operations. Until the Foundation obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets or environmental damage could have a materially adverse effect on the Foundation's operations and financial position.

16.2 Taxes

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

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

17 Financial instruments risk

Risk management objectives and policies

The Foundation is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

17.1 Market risk analysis

The Foundation is exposed to market risk through its use of financial instruments and specifically to currency risk.

Foreign currency risk

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

The Foundation holds a portion of its available funds in foreign currency. Hence, exposures to exchange rate fluctuations arise.

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

Item

31 December 2024	USD	Euro
Financial assets		
Bank balances	26,886	13,355
Total financial assets	26,886	13,355
Net position		
	26,886	13,355

Item

31 December 2023	USD	Euro
Financial assets		
Bank balances	14,595	-
Total financial assets	14,595	-
Net position		
	14,595	-

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

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

	USD impact	
	2024	2023
Result for the year	2,689	1,460
	2,689	1,460

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

17.2 Credit risk analysis

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

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

The credit risk in respect of cash balances held with banks are managed via diversification of bank deposits, and are only with major reputable financial institutions.

Cash and cash equivalents

As at 31 December 2024 and 31 December 2023 the Foundation holds bank balances of AMD 144,115 thousand and AMD 28,257 thousand, respectively which represents its maximum credit exposure on these assets. The Foundation holds cash and cash equivalents among top ten Armenian banks by total assets and the Foundation does not expect the banks to fail to meet their obligations. According to the Foundation's assessment no impairment loss is recognized on bank balances primarily due to their short maturities.

17.3 Liquidity risk analysis

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

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

The following table details the Foundation's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Foundation can be required to pay. The table includes both interest and principal cash flows.

2024	Non-interest bearing	Finance lease liability	Total
Weighted average effective interest rate (%)			
Less than 6 months	2,599	8,521	11,120
6 months to 1 year	9,010	9,846	18,856
	11,609	18,367	29,976
2023	Non-interest bearing	Finance lease liability	Total
Weighted average effective interest rate (%)			
Less than 6 months	525	7,414	7,939
6 months to 1 year	4,476	7,948	12,424
1-3 years	-	18,367	18,367
	5,001	33,729	38,730

The Foundation considers expected cash flows from financial assets in assessing and managing liquidity risk, particularly its cash resources and bank deposits. The Foundation's cash resources and bank deposits significantly exceed the current cash outflow requirements.