

“Armenian Caritas”

Benevolent Non-Governmental Organization

Financial Statements and Independent Auditor’s Report

31 December 2024

YEREVAN 2025

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24.07.2025
N 022528



CONFIRMED BY

Vahe Gevorgyan

*Baker Tilly Armenia CJSC
General Director*

INDEPENDENT AUDITOR'S REPORT

To the Board of trustees of "Armenian Caritas" Benevolent Non-Governmental Organization

Opinion

We have audited the financial statements of the "Armenian Caritas" Benevolent Non-Governmental Organization (the "Organization"), which comprise the statement of financial position as of 31 December 2024, and the statements of income and expenses and cash flows for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of 31 December 2024, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis of 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 Organization in accordance with the ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The Organization's financial statements for the year ended 31 December 2023, were audited by another auditor who expressed a modified opinion on those financial statements on 15 October 2024.

Responsibility 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and preparing the financial statements on the going concern basis unless management either intends to liquidate the Organization, cease its operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objective is 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 International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in 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 [consolidated] 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 Organization'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 Organization'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 Organization 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, as well as significant findings from the audit, including any significant deficiencies in internal control that we identify during our audit.



Sedrak Badalyan, CA

Auditor

24 July 2025

STATEMENT OF FINANCIAL POSITION

in thousand drams

	Note	As of 31 December 2024	As of 31 December 2023
ASSETS			
<i>Non-current assets</i>			
Property and equipment	4	995,567	1,068,721
Intangible assets		857	-
		<u>996,424</u>	<u>1,068,721</u>
<i>Current assets</i>			
Accounts receivable	5	83,249	9,848
Borrowings provided	6	3,990	4,380
Bank deposits	7	100,000	101,926
Cash and bank balances	8	767,011	531,245
		<u>954,250</u>	<u>647,399</u>
TOTAL ASSETS		<u>1,950,674</u>	<u>1,716,120</u>
LIABILITIES AND RESERVES			
<i>Reserves</i>			
Grants related to income	9	944,957	634,966
		<u>944,957</u>	<u>634,966</u>
<i>Long-term liabilities</i>			
Grants related to assets	10	996,424	1,068,721
		<u>996,424</u>	<u>1,068,721</u>
<i>Short-term liabilities</i>			
Accounts payable	11	9,293	12,433
		<u>9,293</u>	<u>12,433</u>
TOTAL EQUITY AND LIABILITIES		<u>1,950,674</u>	<u>1,716,120</u>

The financial statements were approved on 24 July 2025 by:

Gagik Tarasyan
Chief Executive Officer

Zvarduhi Aleksanyan
Chief Financial Officer



NOTES 1 TO 19 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

STATEMENT OF INCOME AND EXPENSES

in thousand drams		Year ended 31 December 2024	Year ended 31 December 2023
	Note		
<i>Income</i>			
Income from grants	12	2,212,166	1,896,051
Other income		10,841	12,620
		<u>2,223,007</u>	<u>1,908,671</u>
<i>Expenses</i>			
Program expenses	13	(2,050,502)	(1,775,673)
Administrative expenses	14	(168,323)	(121,537)
Other expenses		(4,182)	(11,461)
Result before income tax		<u>-</u>	<u>-</u>
Income tax expense		-	-
Result of the year		<u>-</u>	<u>-</u>

NOTES 1 TO 19 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

in thousand drams	Year ended 31 December 2024	Year ended 31 December 2023
<i>Cash flows from operating activities</i>		
Cash receipts from donors	2,377,069	2,245,947
Borrowings repaid from beneficiaries	(33,287)	22,010
<i>Total cash receipts from operations</i>	<u>2,343,782</u>	<u>2,267,957</u>
<i>Cash flows used in operating activities</i>		
Cash paid to and on behalf of employees	(540,591)	(523,259)
Cash used in project implementation	(1,340,515)	(1,211,413)
Cash paid to the State budget	(185,459)	(160,098)
Borrowings provided to beneficiaries	-	(16,872)
Other cash (payments)/receipts, net	(6,236)	(1,709)
Donations refunded to donors	(37,502)	(27,215)
<i>Total cash used in operations</i>	<u>(2,110,303)</u>	<u>(1,940,566)</u>
<i>Net cash from operating activities</i>	<u>233,479</u>	<u>327,391</u>
<i>Cash flows from investing activities</i>		
Acquisition of fixed assets	(12,350)	(12,341)
Bank deposits	-	15,074
Interest received	14,637	8,400
<i>Net cash from investing activities</i>	<u>2,287</u>	<u>11,133</u>
<i>Net increase in cash and bank balances</i>	235,766	338,524
Cash and bank balances at the beginning of the year	<u>531,245</u>	<u>192,721</u>
Cash and bank balances at the end of the year	<u>767,011</u>	<u>531,245</u>

NOTES 1 TO 19 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1 NATURE OF OPERATIONS AND GENERAL INFORMATION

“Armenian Caritas” Benevolent NGO (the “Organization”) has been registered according to the Decree No 19/2-7 dated 23 May 1997 issued by the Colleague of the Ministry of Justice of the Republic of Armenia. The head office of the Organization is located at 8th Street, H. Sargsyan Street, Gyumri, Republic of Armenia.

The Organization receives its funding from local and foreign charitable foundations and carries out charitable projects in a number of regions throughout the Republic of Armenia.

During 2024, the Organization implemented about 71 projects (2023: 60), which include “Assistance to the children”, “Support to the elderly”, “Primary health care centre”, “Migration and human trafficking, violence”, “Community development”, “Emergency”, etc.

The Organization receives grants primarily from the following sources: Caritas Austria, Caritas Germany, Caritas Spain, Caritas Belgium, Caritas France, the Bishops' Conference of Italy, and Renovabis, among others.

The average number of employees of the Organization during 2024 was 110 (2023: 90).

Business environment

The situation in the Republic of Armenia has escalated due to the war initiated by Azerbaijan. Despite the ceasefire agreement, the short and long-term economic consequences of the conflict for Armenia remain uncertain.

In 2024, the political situation in the Republic of Armenia continues to be relatively unstable. The aftermath of the 44-day Artsakh war still has a significant impact on the country's overall economy. In September 2023, approximately 120,000 ethnic Armenians were forcibly displaced from Artsakh to Armenia, which caused additional economic and political shocks.

Due to the prevailing political instability, periodic closure of international transport routes, and short-term violations of the ceasefire regime, it is difficult to accurately forecast the potential economic impact of these conditions on the operations of the Organization. Political and economic reforms in Armenia, as well as the development of its legal, tax, and regulatory systems, are ongoing. The stability and development of the Armenian economy largely depend on the outcomes of these reforms. The government has reiterated its commitment to effective governance, which includes anti-corruption measures, transparency, and accountability.

The aforementioned events may have a significant impact on the future operations and financial stability of the Organization, the full consequences of which are currently difficult to predict. Future political and economic developments and their effects on the Organization's operations may differ from the management's current expectations.

These financial statements do not reflect the potential future impact of the above-mentioned circumstances on the Organization's operations.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared on the assumption that the Organization operates as a going concern.

2.2 Basis of measurement

The financial statements have been prepared on an accrual basis (except for the statement of cash flows) and using the historical cost method.

2.3 Functional and presentation currency

The functional currency of the Organization is the Armenian dram (AMD), which is also the national currency of the Republic of Armenia, as it most faithfully represents the economic substance of the underlying events and transactions of the Organization.

These financial statements are presented in Armenian drams (unless otherwise stated), as the management believes this currency provides more useful information to the users of the financial statements. All financial information presented in drams has been rounded to the nearest thousand, unless otherwise indicated.

2.4 Use of estimates and judgment

The preparation of financial statements in accordance with IFRS requires the Organization's management to make significant judgments and assumptions that affect the reported amounts of assets and liabilities at the financial statement date, as well as the reported amounts of income and expenses for the reporting year. The areas that involve the most significant judgments and complexities, or where assumptions and estimates are material to the financial statements, are disclosed in Note 14 to the financial statements.

2.5 Other disclosures

Change in Accounting System

During 2024, the Company implemented a new accounting software system, "Armenian Software," to enhance financial reporting efficiency and internal control. The transition was completed in March 2024. The balances of accounting accounts as of 1 January 2024 have been transferred to the accounting software, and comparative figures were reviewed to ensure consistency. The change did not result in a modification of accounting policies or material misstatements.

Following the changes in the accounting system, it became possible to maintain an analytical ledger for all implemented projects, as well as detailed information by donors.

2.6 Adoption of new and revised standards

During the current year, the Organization has adopted all new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) that are effective for periods beginning on or after January 1, 2024, and are relevant to its operations.

The nature and impact of these changes are disclosed below.

New and Revised Standards and Interpretations Applicable for Annual Periods Beginning on or After January 1, 2024

The following new standards and amendments, which were first applied in 2023, have not had any material impact on the Organization's financial statements:

- *“Amendments to IFRS 17 Insurance Contracts,” including the extension of the temporary exemption from applying IFRS 9 (Amendments to IFRS 4)*
- *“Deferred Tax related to Assets and Liabilities arising from a Single Transaction” (Amendments to IAS 12)*
- *Initial application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)*
- *“Definition of Accounting Estimates” (Amendments to IAS 8)*
- *“Disclosure of Accounting Policies” (Amendments to IAS 1 and IFRS Practice Statement 2)*
- *“International Tax Reforms – Pillar Two Rules” (Amendments to IAS 12)*

Except for the amendments to IAS 1 and the IFRS Practice Statement 2 “Disclosure of Accounting Policies” described above, the other standards and amendments have not had a material effect on the Organization's financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2 “Disclosure of Accounting Policies”.

The amendments to IAS 1 and IFRS Practice Statement 2 provide guidance and examples to assist entities in applying materiality judgments when disclosing accounting policies.

The objective of the amendments is to help entities provide more useful information about accounting policies by replacing the requirement to disclose “significant” accounting policies with a requirement to disclose “material” accounting policies, and by adding guidance on how entities should apply the concept of materiality.

Standards, Amendments, and Interpretations Related to Existing Standards Not Yet Effective and Not Early Adopted by the Organization

As of the date of approval of these financial statements, the International Accounting Standards Board (IASB) has issued certain new standards, amendments, and interpretations related to existing standards that are not yet effective and have not been early adopted by the Organization.

Management anticipates that all applicable pronouncements will be adopted in the Organization's accounting policies from the beginning of the first reporting period following their effective dates.

Management expects that these amendments will not have a material impact on the Organization's financial statements. These pronouncements are as follows:

“Lack of Exchangeability” (Amendments to IAS 21)

“Classification and Measurement of Financial Instruments” (Amendments to IFRS 9 and IFRS 7)

IFRS 18 “Presentation and Disclosure of Financial Statements”

“Amendments to Classification and Measurement of Financial Instruments” (Amendments to IFRS 9 and IFRS 7)

IFRS 18 “Presentation and Disclosure of Financial Statements”

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 Foreign currencies

Foreign currency transactions

When preparing the financial statements, transactions carried out in currencies other than the Organization's functional currency are recorded at the exchange rate published by the Central Bank of the Republic of Armenia (CBA) as of the transaction date. Monetary items denominated in foreign currencies are retranslated at the exchange rate published by the CBA at the reporting date. As of December 31, 2024, the exchange rates were 1 US Dollar = AMD 396.56 and 1 Euro = AMD 413.89 (as of December 31, 2023, 1 US Dollar = AMD 404.79 and 1 Euro = AMD 447.90). Non-monetary items are not retranslated and are measured at historical cost. Exchange differences arising from foreign currency transactions and the retranslation of monetary items denominated in foreign currencies are recognized in profit or loss for the period.

3.2 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Organization becomes a party 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 assets are transferred to a third party along with substantially all the risks and rewards of ownership.

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 Organization'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 results, except for impairment of trade receivables, which is presented within other expenses. The Organization's financial assets by category are disclosed in Note 15.

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 Organization's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Cash and cash equivalents

Cash and bank balances include cash on hand and balances in bank accounts. For the cash flow statement, cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that 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 Organization classifies investments as cash equivalents when they are readily convertible to known amounts of cash and their value is subject to an insignificant risk of change.

Classification and measurement of financial liabilities

The Organization's financial liabilities include loans and borrowings, trade and other payables, and lease liabilities. The Organization's financial liabilities, classified by category, are presented in Note 15.

Trade and other payables

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

3.3 Grants

A grant is not recognized until there is reasonable assurance that the Organization will comply with all attached conditions and that the grant will be received.

Grants whose primary condition is the purchase, construction, or acquisition of non-current assets by the Organization are recognized in the statement of financial position as deferred income and systematically released to profit or loss over the useful life of the related asset.

Other government grants are recognized on a systematic basis as income over the periods in which the related expenses, for which the grants are intended to compensate, are incurred. A government grant that is provided to the Organization as compensation for expenses or losses already incurred, or as urgent financial assistance without the need for future related expenses, is recognized as income in the period in which it becomes receivable.

3.4 Provisions

A provision is recognized in the statement of financial position when the Organization has a present legal or constructive obligation as a result of past events, and an outflow of economic benefits will probably be required to settle the obligation. If the effect is material, the provision is measured by discounting the expected future cash outflows using a pre-tax discount rate that reflects current market assessments of the time value of money and, where applicable, the risks specific to the liability.

3.5 Employee benefits

Short-term employee benefits are those benefits that are expected to be settled wholly within twelve months after the end of the annual reporting period during which the employees have rendered the related service. These include:

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

Paid absences

Expected expenses for short-term employee benefits in the form of paid absences are recognized as follows:

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

Bonuses

The expected cost of bonus payments is recognized when and only when the Organization 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 Organization has no realistic alternative but to make the payments.

3.6 Income

Income from grants

Income from grants is recognized 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 Organization with no future related costs are recognized in income or expenses in the period in which they become receivable.

4 PROPERTY AND EQUIPMENT

in thousand drams

	Land and buildings	Vehicles	Fixtures and fittings, computers, equipment	Total
<i>Cost</i>				
As of 1 January 2023	1,614,291	142,787	216,191	1,973,269
Addition	-	-	12,341	12,341
Disposal	-	(6,340)	(7,160)	(13,500)
As of 31 December 2023	1,614,291	136,447	221,372	1,972,110
Addition	-	14,000	19,549	33,549
Disposal	-	(858)	(4,053)	(4,911)
As of 31 December 2024	1,614,291	149,589	236,868	2,000,748
<i>Accumulated depreciation</i>				
As of 1 January 2023	513,068	101,809	199,440	814,317
Charge for the year	73,914	4,072	24,586	102,572
Eliminated on disposal	-	(6,340)	(7,160)	(13,500)
As of 31 December 2023	586,982	99,541	216,866	903,389
Charge for the year	78,522	13,994	14,187	106,703
Eliminated on disposal	-	(858)	(4,053)	(4,911)
As of 31 December 2024	665,504	112,677	227,000	1,005,181
<i>Carrying amount</i>				
As of 31 December 2023	1,027,309	36,906	4,506	1,068,721
As of 31 December 2024	948,787	36,912	9,868	995,567

Depreciation expense of fixed assets was allocated to administrative expenses (for 2023: to administrative expenses).

As of 31 December 2024, the cost of fully depreciated assets amounted to drams 259,506 thousand (2023: drams 243,938 thousand).

The Organization's fixed assets were not pledged as of the reporting date.

5 ACCOUNTS RECEIVABLE

in thousand drams

	As of 31 December 2024	As of 31 December 2023
Grants receivable	63,675	-
Prepayments	18,147	6,259
Tax receivable	474	75
Other receivables	953	3,514
	83,249	9,848

6 BORROWINGS PROVIDED

in thousand drams

	As of 31 December 2024	As of 31 December 2023
Balance at the beginning of the year	4,380	9,318
Addition within the scope of projects	34,367	16,872
Redemption during the year	(34,757)	(21,810)
Balance at the end of the year	<u>3,990</u>	<u>4,380</u>

Within the scope of the Aramazd SEED Project, the Organization provides non-interest-bearing borrowings to individuals/NGO/PE for the development of small businesses and agriculture, mainly in the regions of Lori, Shirak, and Gegharkunik. The maximum amount of the borrowing per contract is drams 2,500 thousand, and the maturity period is a maximum of two years. Received borrowings are repaid both during and at the end of the maturity period. As of 31 December 2024, the number of borrowers was 7 (as of 31 December 2023: 8).

In 2024, borrowings of drams 345 thousand and subgrants of drams 34,022 thousand were provided for the purposes mentioned above. Repayments of borrowings amounted to drams 1,080 thousand, while drams 33,677 thousand were recognized as a program expense.

7 BANK DEPOSITS

	Deposit date	Maturity date	Interest rate (%)	Balance as of 31 December 2024 (in thousand drams)		Finance income (in thousand drams)
				Principal	Interest	
<i>Inecobank CJSC</i>						
Deposit 1	17/10/22	17/10/24	8.4	-	-	13,389
Deposit 2	19/10/24	30/12/25	9.5	100,000	-	1,248
				<u>100,000</u>	<u>-</u>	<u>14,637</u>
	Deposit date	Maturity date	Interest rate (%)	Balance as of 31 December 2023 (in thousand drams)		Finance income (in thousand drams)
				Principal	Interest	
<i>Inecobank CJSC</i>						
Deposit 1	17/10/22	17/10/24	8.4	100,000	1,926	8,400
				<u>100,000</u>	<u>1,926</u>	<u>8,400</u>

8 CASH AND BANK BALANCES

in thousand drams

	As of 31 December 2024	As of 31 December 2023
Cash	77	1,485
Bank balances	766,934	529,385
Cash in transit	-	375
	<u>767,011</u>	<u>531,245</u>

9 GRANTS RELATED TO INCOME

in thousand drams

	2024	2023
Balance at the beginning of the year	634,966	305,900
Donation received in cash from donors	2,377,069	2,245,947
Bank deposits interest	14,637	8,400
Donations accrued/grants receivable from donors	90,067	(119,461)
Refund of unused grant funds to donors	(37,502)	-
Transferred to grants related to assets (refer to note 10)	(28,889)	(12,341)
Realized to income (refer to note 12)	(2,105,391)	(1,793,479)
Balance at the end of the year	944,957	634,966

Donations received for financing the following Projects:

in thousand drams

	Year ended 31 December 2024	Year ended 31 December 2023
Assistance to the children	447,251	396,611
Migration and human trafficking, violence	875,813	257,347
Support for the elderly	298,773	381,217
Community development	420,654	620,811
Primary health care center	17,569	342,372
Emergency	199,744	22,678
Other	117,265	224,911
	2,377,069	2,245,947

In 2025, the Organization received a grant for the implementation of the *Advancing Caritas Through Solidarity* joint project, under an agreement signed between Armenian Caritas and the grant partners: Caritas Spain, Secours Catholique – Caritas France, and Caritas Europe.

The purpose of the project was to define the mutual commitments and obligations of the participating organizations and to establish a common framework for its implementation during 2024–2025. The main goal of the project is to support the institutional development of European Caritas Member Organizations, aiming to strengthen their capacities to fulfill their mission and strategic objectives effectively.

The Organization received, in total, in drams 30,235 thousand for this project.

In particular,

- from Secours Catholique-Caritas France 6.472.500 AMD, equivalent to 15.000 Euro, was received on 02.12.24, and 7.128.000 AMD, equivalent to 16.500 Euro, was received on 16.02.24. .
- from Caritas Spain 16.634.870 AMD, equivalent to 39.844 Euro, was received on 03.04.24.

The outstanding balance of the project as of 31 December 2024, is drams 4,735 thousand.

Donations received during 2024 represent the following donors and co-financers:

in thousand drams

	2024
Actions Sante Femmes	3,798
BC Italy	43,041
BC Japan	4,123
Cardinal Frings Gymnasium	7,869
Caritas Belgium	361,731
Caritas Danmark	12,872
Caritas Europa	312
Caritas Feldkirch	35,063
Caritas France	132,657
Caritas Germany	354,316
Caritas Innsbruck	166,517
Caritas Italiana	6,240
Caritas Romania	16,889
Caritas Slovakia	43,820
Caritas Slovenia	2,080
Caritas Spain	74,615
CI	483
CNEWA Canada	69,509
CNEWA USA	109,351
Coca-Cola LLC	240
CRS	45,325
CSI	24,873
Dutch Council of Refugees	888
EU	459,034
GIZ	85,557
Hungary Helps Agency	12,677
IRIS Incubator	2,646
JTI Armenia	14,137
Kath. Kirchengemeinde	425
Kindermissionwerk	18,646
L'Oeuvre D'Orient	8,340
Marleen Kaatee	2,542
Martinyan Foundation	4,822
Ministry of Labor and Social Affairs	95,471
NGOC	13,820
Oxford Armenia Foundation	1,021
People in Need	18,194
Poland Embassy	10,554
Renovabis	54,035
Slovak Agency for International Development Cooperation	13,262
Armenian communities	18,701
Private donations	11,937
Other	14,636
	<u>2,377,069</u>

Balance at the end of the year represents the unused amounts of the following Sub-Projects:

in thousand drams

	As of 31 December 2024
Fostering Sustainable Livelihoods, Business Growth, and Employment opportunities for displaced and Host Communities	457,659
Socio-economic integration and resilience for refugees and local communities in Armenia	87,869
European Union Reintegration Program	55,314
Home Care in Artashat 2024	31,978
Little Prince in Gyumri and Tashir 24-27	30,115
Institutionalizing a volunteer first responder service in Armenia	27,492
Promotion of Renewable Energy and Energy Efficiency	27,196
Migration Programme Central Asia	27,051
Feontex JRS Pilot project	20,006
Aramazd Seed	18,940
Reconstructing Lives for strengthening	17,050
Women's Resource Center in Vardenis	9,211
Homecare for the Lonely Elderly in Gyumri and Vanadzor, 2024-2026	9,162
COVID-19 resilience in Armenia, Georgia, and the NK conflict response	5,190
Enhanced Community-Based Social Services in Syunik	8,930
Inclusive and equitable quality education for all 23	9,141
Little Prince in Gyumri and Tashir 23	4,760
My Right next level	3,808
Emergency Assistance for the most vulnerable households from NK	8,026
Small Group Sabine House	4,218
Advancing Caritas Through Solidarity	4,735
Dignified Life for the Elderly in Armenia/Gavar/	6,764
Little Prince in Gavar 2024-2026	6,099
Humanitarian Relief in Artashat	7,777
Enhancing Support and Empowerment for Displaced Families and Children from NK	4,867
Christmas Magic 25	6,803
German Friendship Project 2025	7,869
Warm Winter JTI 2025	4,050
Other	32,877
	<u>944,957</u>

10 GRANTS RELATED TO ASSETS

in thousand drams	2024	2023
Balance at the beginning of the year	1,068,721	1,158,952
Addition	5,589	-
Transferred from grants related to income (refer to note 9)	28,889	12,341
Realized to income (refer to note 12)	(106,775)	(102,572)
Balance at the end of the year	<u>996,424</u>	<u>1,068,721</u>

11 ACCOUNTS PAYABLE

in thousand drams	As of 31 December 2024	As of 31 December 2023
Employee remunerations	2,010	11,898
Other payables	7,283	535

9,293	12,433
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No interest is accrued on trade payables. The Organization has financial risk management policies in place to ensure the timely settlement of all liabilities.

12 INCOME FROM GRANTS

in thousand drams

	Year ended 31 December 2024	Year ended 31 December 2023
Income from grants related to assets (refer to note 10)	106,775	102,572
Income from grants related to income (refer to note 9)	2,105,391	1,793,479
	<u>2,212,166</u>	<u>1,896,051</u>

13 PROGRAM EXPENSES

in thousand drams

	Year ended 31 December 2024	Year ended 31 December 2023
Assistance to the children	362,097	313,565
Migration and trafficking violence	234,953	203,462
Support for the elderly	348,043	301,395
Community development	312,578	270,683
Health care dispensary	20,705	17,930
Emergency	566,788	490,821
Other	205,338	177,817
	<u>2,050,502</u>	<u>1,775,673</u>

14 ADMINISTRATIVE EXPENSES

in thousand drams

	Year ended 31 December 2024	Year ended 31 December 2023
Employee remuneration	27,594	22,467
Depreciation and amortization	106,775	99,070
Other	33,954	-
	<u>168,323</u>	<u>121,537</u>

15 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

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.

15.1 Critical accounting estimates

The Organization makes estimates and assumptions concerning the future. These accounting estimates may differ from the actual results. Below are the estimates and assumptions for which there is a risk that the carrying amounts of assets and liabilities may be subject to significant adjustments in the next financial year.

Useful Lives of Property, Plant and Equipment and Intangible Assets

Management has assessed the useful lives of property, plant, and equipment and intangible assets. In management's opinion, the estimated useful lives of these assets do not materially differ from their economic lives. If the actual useful lives of property, plant, and equipment and intangible assets differ from these estimates, the financial statements could be materially affected.

15.2 Critical judgments

Below are the judgments made by management in applying accounting policies that have the most significant impact on the financial statements.

Recognition of deferred tax assets

The amount of deferred tax assets that can be recognized depends on the assessment of the likelihood that future taxable profits will be available against which the deductible temporary differences and tax losses carried forward can be utilized. Additionally, significant judgment is required when evaluating legal and economic constraints and uncertainties within the tax environment.

16 FINANCIAL INSTRUMENTS

16.1 Material accounting policies

The accounting policies and applied methods for each class of financial assets and financial liabilities, as well as the criteria and basis for recognising income and expenses, are presented in Note 3.

16.2 Categories of financial instruments

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

Financial assets

in thousand drams

	As of 31 December 2024	As of 31 December 2023
<i>Amortized cost</i>		
Bank deposits	100,000	101,926
Borrowings provided	3,990	4,380
Cash and bank balances	767,011	531,245
Total financial assets	<u>871,001</u>	<u>637,551</u>

Financial liabilities

in thousand drams

	As of 31 December 2024	As of 31 December 2023
<i>Amortized cost</i>		
Accounts payable	9,293	12,433
	<u>9,293</u>	<u>12,433</u>

17 FINANCIAL RISK MANAGEMENT

The Organization is exposed to various risks related to financial instruments. These risks include credit risk and liquidity risk.

The Organization is not engaged in active trading of financial assets for speculative purposes, nor does it issue options. The most significant financial risks to which the Organization may be exposed are described below.

Financial risk factors

a) Credit risk

in thousand drams

	As of 31 December 2024	As of 31 December 2023
<i>Financial assets at carrying amounts</i>		
Bank deposits	100,000	101,926
Borrowings provided	3,990	4,380
Bank balances	766,934	529,385
	<u>870,924</u>	<u>635,691</u>

b) Liquidity risk

Liquidity risk is the risk that the Organization will be unable to meet its obligations as they fall due.

The Organization manages its liquidity risk by maintaining sufficient Organizations in cash and bank accounts, as well as holding highly liquid assets to ensure the timely settlement of operational liabilities.

In thousand drams

	As of 31 December 2024	As of 31 December 2023
<i>Non-interest bearing</i>		
Up to 6 months	2,010	11,898
6 months to 1 year	7,283	535
	<u>9,293</u>	<u>12,433</u>

In assessing and managing liquidity risk, the Organization considers the expected cash flows from its financial assets, particularly cash and trade receivables. The Organization's current assets exceed its current liabilities.

18 CONTINGENCIES

18.1 Insurance

The insurance sector in Armenia is still in a developing stage, and many types of insurance coverage common in other countries are not yet widely available. The Organization does not maintain comprehensive insurance coverage for its assets or for business interruption. It also does not carry third-party liability insurance for potential damages to property or the environment arising from accidents related to its assets or operations. As long as the Organization is not adequately insured, there is a risk that the loss or destruction of certain assets could have a materially adverse effect on the Organization's operations and financial position.

18.2 Taxes

The taxation system in Armenia is characterized by frequently changing legislation, which sometimes needs interpretation. 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.

19 RELATED PARTIES

The Organization's related parties include the commercial entity "Arnav" LLC, whose director also serves as a member of the Organization's Board of Trustees, as well as key management personnel, as detailed below.

19.1 Control

The Organization is governed by the Board of Trustees whose members are listed below:

- Rafael Minasyan, *President*
- Archimandrite Narek Mnoyan, *President authorized representative*
- Arcpriest Grigor Mkrtchyan, *Member*
- Anahit Mkhoyan, *Member*
- Hasmik Hambaryan, *Member*
- Hranush Sargsyan, *Member*

19.2 Transactions with related parties

During the reporting year, the Organization engaged in the following transactions with related parties, and the balances outstanding as of the reporting date are as follows:

In thousand drams

	Year ended 31 December 2024	Year ended 31 December 2023
<i>Entities under common control</i>		
Acquisition of services	1,655	34,311

In thousand drams

	As of 31 December 2024	As of 31 December 2023
<i>Entities under common control</i>		
Trade and other payables	-	-

19.3 Transactions with management

Key management personnel received the following compensation during the period, which is included in the "Employee Benefits" line item.

In thousand drams

	Year ended 31 December 2024	Year ended 31 December 2023
Salaries and bonuses	19,175	17,892