

**FOUNDATION “CAUCASIAN INSTITUTE FOR PEACE,  
DEMOCRACY AND DEVELOPMENT”**

**INDEPENDENT AUDITOR’S REPORT AND STATEMENT  
OF CASH RECEIPTS AND DISBURSEMENTS.**

FOR THE PERIOD FROM JANUARY 1, 2009 TO JUNE 30,  
2009

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42 Kazbegi ave  
0177 Tbilisi, Georgia  
Tel: +995 (32) 54 58 45, 54 58 46  
Fax: +995 (32) 39 92 04  
E-mail: bdo@bdo.ge  
www.bdo.ge

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of Caucasus Institute for Peace, Democracy and Development's Project # 2007 0377 G/KED-EK 62/2007 "Improving Environment for minority integration in Georgia through supporting reforms in the school and education system's cash receipts and disbursements for the period from January 1, 2009 to June 30, 2009. This statement is the responsibility of Caucasus Institute for Peace, Democracy and Development's management. Our responsibility is to express an opinion on the accompanying statement based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Organization's policy is to prepare the accompanying statement on the cash receipts and disbursements basis. On this basis revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred.

In our opinion, the accompanying statement gives a true and fair view of the revenue collected and expenses paid by the Organization during the January 1, 2009 to June 30, 2009 in accordance with the cash receipts and disbursements basis.

Zurab Lalazashvili  
Managing Partner

September 10, 2009

**Received funds in the period**

For the period from January 1, 2009 to June 30, 2009

**1. RECEIVED FUNDS IN THE PERIOD**

	Budgeted Income (Receipts)		Actual Income (Receipts)		
	€ (EURO)	NC (GEL)	previously reported NC (GEL)	during reporting period NC (GEL)	total to date NC (GEL)
<b>Sources of Income</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. Non-EED funds:	-	-	-	-	-
2. EED funds:					
a) Transfers	370 000.00	832 500.00	103 732.73 207 901.85	44 829.19 51 768.50	148 561.92 259 670.35
b)Debit Notes	-	-	-	-	-
3. Interest	-	-	-	-	-
<b>Total</b>	<b>370 000.00</b>	<b>832 500.00</b>	<b>311 634.58</b>	<b>96 597.69</b>	<b>408 232.27</b>

**Statement of cash receipts and disbursements**

For the period from January 1, 2009 to June 30, 2009

**2. STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

	Budgeted Expenditure		Actual Expenditure (Payments)		
	€ (EURO)	NC (GEL)	previously reported NC (GEL)	during reporting period NC (GEL)	total to date NC (GEL)
<b>Budget heads</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. ADMINISTRATIVE COSTS					
1.1 Administration staff salaries	34 700.00	78 075.00	24 768.00	13 002.00	37 770.00
1.2. Office expenses	61 700.00	138 825.00	126 950.79	2 418.93	129 369.72
2. PROGRAMME COSTS					
2.1 Programme staff	85 500.00	192 375.00	61 571.80	32 028.00	93 599.80
2.2 Equipment and Supplies	25 900.00	58 275.00	37 479.66	1 920.00	39 399.66
2.3 Research of ongoing school reform in minority regions	14 400.00	32 400.00	15 046.80	4 821.00	19 867.80
2.4 Policy Paper on School education system and Minority Integration	5 000.00	11 250.00	5 202.20	4 228.78	9 430.98
2.5 Trainings costs "Accepting cultural diversity"	43 200.00	97 200.00	4 036.27	21 441.79	25 478.06
2.6 Textbook for education on religion	8 600.00	19 350.00	68.00	6 617.00	6 685.00
2.7 Cultural Diversity Days in Schools	5 000.00	11 250.00	-	-	-
2.8 Capacity building for School boards and administration in the regions	49 400.00	111 150.00	-	612.00	612.00
3. PROJECTS EVALUATION	8 000.00	18 000.00	-	-	-
4. BANK FEES	2 400.00	5 400.00	291.23	181.35	472.58
5. AUDIT	6 300.00	14 175.00	2 360.00	2 360.00	4 720.00
6. RESERVE	19 900.00	44 775.00		-	
<b>Total</b>	<b>370 000.00</b>	<b>832 500.00</b>	<b>277 774.75</b>	<b>89 630.85</b>	<b>367 405. 60</b>

*Note: the actual expenditure figures presented above contain VAT.*

**Balance of project funds and notes to financial statements**

For the period from January 1, 2009 to June 30, 2009

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<b>3. BALANCE OF PROJECT FUNDS</b>	<b>(GEL)</b>
1. Balance of Project Funds at start of reporting period (=balance (A) reported in previous period)	33 859.83
2. <b>Add:</b> total income during the reporting period (page 1, column 4)	96 597.69
3. <b>Less:</b> total expenditure during the reporting period (page 2, column 4)	(89 630.85)
<b>4. Balance of Project Funds at the end of period</b>	<b>40 826.67</b>

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<b>CASH STATUS</b>	<b>(GEL)</b>
Cash at hand	5.30
Cash at bank	40 821.37
<b>Total</b>	<b>40 826.67</b>

**4. NOTES**

**1. Organization**

The Foundation "Caucasian Institute for Peace, Democracy and Development"- public union of citizens is registered by the Ministry of Justice of Georgia on August 7, 1992. On November 6, 1998 the Union was re-registered by the Ministry of Justice and granted the status of fund. The basic principle of the Foundation is to introduce, support and develop democratic values in Georgia. The Foundation implements its activity through the grants received from international donor organizations.

**2. Accounting policies**

**a) Operating and Presentation Currency**

For the Foundation "Caucasus Institute for Pease, Democracy and Development" the presentation currency is Georgian official currency (GEL). Transactions generally are presented in GEL. Funds received from the donor are in EURO and are converted under the average currency of EURO.

**b) Revenues and expenditures**

The project is funded under the donor's contributions. Grant funds are recognized as income in compliance with transfers made by the donor.

Expenditures incurred by the EED in the framework of the project are recognized on the cash basis.