Financial Statements and Independent Auditor's Report

“Bari Mama” NGO

31 December 2021 and 31 December 2022

Contents

Grant Thornton

Independent auditor's report

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Երևան Պլազա բիզնես կենտրոն
ՀՀ, ք. Երևան 0015
Գրիգոր Լուսավորչի 9
Հ. + 374 10 50 09 64/61

Grant Thornton CJSC
Yerevan Plaza Business Center
9 Grigor Lusavorich Street,
Yerevan 0015, Republic of Armenia
T + 374 10 50 09 64/61

To the Board of "Bari Mama" NGO

Opinion

We have audited the financial statements of "Bari Mama" NGO (the "Organization"), which comprise the statements of financial position as of 31 December 2022 and 31 December 2021, and the statements of activities, statements of changes in net assets and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Organization as of 31 December 2022 and 31 December 2021, and of its financial performance and its cash flows for the years 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 Organization 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 those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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 using the going concern basis of accounting unless those authorized by the legislation of the Republic of Armenia either intend to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

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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 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 and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Armen Hovhannisyan
Chief Executive Officer

Emil Vassilyan, FCCA
Engagement Partner

15 April 2024

Statement of financial position

In thousand drams	Note	As of 31 December 2022	As of 31 December 2021
Assets			
Non-current assets			
Property and equipment	4	191,102	201,464
Non-current prepayments		-	340
		191,102	201,804
Current assets			
Inventories		2,311	4,296
Prepayments and other receivables		3,492	4,508
Cash and bank balances	5	6,234	1,157
		12,037	9,961
Total assets		203,139	211,765
Liabilities and net assets			
Non-current liabilities			
Grants related to assets	6	175,289	187,343
		175,289	187,343
Current liabilities			
Accounts payable		602	1,049
Borrowings from related parties		26,304	16,522
		26,906	17,571
Net Assets			
Accumulated result		944	6,851
		944	6,851
Total liabilities and net assets		203,139	211,765

The financial statements were approved on 15 April 2024 by:

Marine Adulyan

President

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 9 to 18.

Statement of activities

In thousand drams	Note	Year ended 31 December 2022	Year ended 31 December 2021
Income from grants and donations	7	56,280	55,322
Other income		436	1,344
Employee benefits		(17,009)	(16,372)
Donations and financial support		(17,345)	(14,288)
Depreciation and amortization		(13,401)	(12,296)
Renovation and maintenance costs		(8,207)	-
Utility, communication and printing expenses		(4,844)	(9,506)
Event expenses		(562)	(731)
Transportation costs		(767)	(1,458)
Other expenses		(441)	(803)
Net gain from exchange differences		(47)	523
Result for the year		(5,907)	1,735

The statement of activities is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 9 to 18.

Statement of changes in net assets

In thousand drams	Accumulated result	Total
as of 1 January 2021	5,116	5,116
Result for the year	1,735	1,735
as of 31 December 2021	6,851	6,851
Result for the year	(5,907)	(5,907)
as of 31 December 2022	944	944

The statement of 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 18.

Statement of cash flows

In thousand drams	Year ended 31 December 2022	Year ended 31 December 2021
Cash flows from operating activities		
Receipts from donations	42,843	38,331
Receipts from customers and other	2,596	875
Payments to suppliers	(25,608)	(30,523)
Payments to employees	(12,744)	(12,406)
Payments to the State budget	(5,060)	(4,941)
Financial assistance to beneficiaries	(2,916)	(2,777)
Other payments	(1,070)	(1,313)
Net cash used in operating activities	(1,959)	(12,754)
Cash flows from investing activities		
Acquisition of property and equipment and intangible assets	(2,699)	(18,316)
Net cash used in investing activities	(2,699)	(18,316)
Cash flows from financing activities		
Borrowing received	9,782	16,522
Net cash used in financing activities	9,782	16,522
Net increase/(decrease) in cash and bank balances	5,124	(14,548)
Foreign exchange effect on cash	(47)	(38)
Cash and bank balances at the beginning of the year	1,157	15,743
Cash and bank balances at the end of the year	6,234	1,157

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 18.

Notes to the financial statements

1 Nature of operations and general information

“Bari Mama” NGO is an organization founded in the Republic of Armenia. The Organization has been registered by the Central Body of the State Register of Legal Entities of the Republic of Armenia on 11 May 2015, with the registration number 211.171.856839.

The Organization's activity is carried out in accordance with the Constitution of the Republic of Armenia, the current laws of the Republic of Armenia, international treaties, and the Charter of the Organization.

The Organization was created by the efforts of Armenian mothers, whose main goal is to help children with disabilities who were abandoned due to disability and ended up in orphanages. The Organization has about 8,000 members.

The mission of the Organization is to give children a home and family.

The beneficiaries of the Organization are:

- Pregnant women or women in early postnatal period belonging to the risk groups because of pregnancy and postnatal pathologies,
- Single and/ or socially vulnerable, disabled pregnant women or women in early postnatal period,
- Children aged 0-6 abandoned by a biological parent due to health problems and /or disability,
- Orphanage children,
- Young people over the age of 18 who have left the orphanage and do not have a guardian,
- Socially vulnerable families,
- Organizations working with the above-mentioned target groups,
- Preschool institutions,
- Public schools that provide or do not provide inclusive education.

The principle place of registration of the Organization is Aygegortsakan 6th district 1/2, village Jrvezh, RA.

The average number of employees of the Organization as of 31 December 2022 was 3 employees (as of 31 December 2021: 4 employees).

Business environment

The political situation in Armenia continues to remain relatively unstable, the consequences of the 44-day Artsakh War continue to have a significant impact on the country's overall economy.

The conflict broke out on 24 February 2022 in Ukraine has evolved rapidly, having a significant impact around the world. The United States and the European countries have imposed severe sanctions against the Russian Federation. The Western countries are discussing widening existing sanctions. The Russian Federation is a significant trading partner of the Republic of Armenia, hence sanctions imposed on Russia as of the date of these financial statements, as well as the escalation of those sanctions had a radical effect on the economy and financial markets of the Republic of Armenia. The immediate global implications were higher inflation, lower growth, and some disruption to financial markets as deeper sanctions take hold.

Additionally, on 13 September 2022, as a continuation of the protracted conflict in Nagorno-Karabakh, which escalated in September 2020 with a violation of the ceasefire, and which was relatively restored by a statement signed between the parties involved on 9 November 2020, a two-day of military operation took place on the territory of the Republic of Armenia. As a result of these actions, the political and economic situation worsened. Since December 2022, the main road connecting Armenia to Artsakh remained closed, implying both political and economic pressures. In September 2023, after a one-day military operation against the people of Nagorno-Karabakh, 120.000 people were forced to leave their homes and immigrate to the Republic of Armenia. As a result of the unstable political situation, the regular closures of international roads, short-term violations of the ceasefire regime, attempts to illegally enter the sovereign territory of the Republic of Armenia, it is difficult to clearly predict the potential economic impact of the above on the Organization's operations.

These events may have a further significant impact on the Organization's future operations and financial stability, the full consequences of which are currently difficult to predict.

These financial statements do not reflect the potential future impact of the above 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 ("IFRSs") as issued by the International Accounting Standards Board ("IASB"). They have been prepared under the assumption that the Organization operates on a going concern basis.

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

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.3 Functional and presentation currency

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

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

2.4 Use of estimates and judgment

The preparation of financial statements in conformity with IFRSs requires management to make critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Significant areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 8 to the financial statements.

2.5 Adoption of new and revised standards

In the current year the Organization 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 2021.

At the date of authorization of these financial statements, the following published but not yet effective new and revised IFRS standards have not been adopted early by the Organization:

- Amendments to IFRS 17 Insurance Contracts including the Extension of the Temporary Exemption from Applying IRFS 9 (Amendments to IRFS 8) (1 January 2023)

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (1 January 2023)
- Definition of Accounting Estimates (Amendments to IAS 8) (1 January 2023)
- Disclosure of Accounting Policies (Amendments to IAS 1 and Practice Statement 2) (1 January 2023)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (1 January 2024)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) (1 January 2024).

Management anticipates that all of the relevant pronouncements will be adopted in the Organization'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 Organization's financial statements from these Standards and Amendments.

3 Significant accounting policies

3.1 Foreign currencies

Foreign currency transactions

In preparing the financial statements, transactions in currencies other than the functional currency are recorded at the rates of exchange defined by the Central Bank of Armenia prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates defined by the Central Bank of Armenia prevailing on the reporting date, which is 393.57 drams for 1 US dollar and 420.06 drams for 1 euro as of 31 December 2022 (31 December 2021: 480.14 drams for 1 US dollar, 542.61 drams for 1 euro).

3.2 Property and equipment

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

Properties in the course of construction for rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes directly attributable expenditures, site preparation, installation and assembly costs, professional fees and for qualifying assets, borrowing costs capitalized in accordance with the Organization's accounting policy. Buildings that are leasehold property are also included in property and equipment if they are held under a finance lease. Such assets are depreciated over their expected useful lives (determined by reference to comparable owned assets) or over the term of the lease, if shorter.

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:

Buildings and constructions	-	20 years
Vehicles and equipment	-	8 years

Fittings	-	8 years
Other	-	5-8 years.

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

3.3 Inventories

Inventories are assets held in the form of materials or supplies to be consumed during the process of service provision.

Inventories are stated at the lower of cost and net realizable value.

3.4 Financial instruments

Financial assets when they are recognized initially are measured at fair value, less directly attributable transaction costs, subsequently they are measured at amortized cost.

Financial liabilities are measured initially at fair value less directly attributable transaction costs and have not been designated as at fair value through profit or loss, subsequently they are measured at amortized cost.

3.5 Reserves

Accumulated result includes all current and prior period retained profits.

3.6 Grants

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

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

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

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

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

3.7 Income tax

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

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable result. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable results will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable results will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Organization expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.8 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 Organization during the accounting period, the Organization 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 Organization 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 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.

3.9 Income

Income arises mainly from the grants and donations. For the accounting policy of income from grants refer to note 3.7.

4 Property and equipment

In thousand drams	Land, buildings and constructions	Vehicles and equipment	Fittings and other	Construction in progress	Total
Cost					
as of 1 January 2021	66,475	10,036	20,236	105,058	201,805
Additions	-	-	5,632	12,684	18,316
Internal movement	117,742	-	-	(117,742)	-
as of 31 December 2021	184,217	10,036	25,868	-	220,121
Additions	-	-	3,039	-	3,039
as of 31 December 2022	184,217	10,036	28,907	-	223,160
Accumulated depreciation					
as of 1 January 2021	1,774	544	4,038	-	6,356
Charge for the year	8,083	255	3,963	-	12,301
as of 31 December 2021	9,857	799	8,001	-	18,657
Charge for the year	8,727	255	4,419	-	13,401
as of 31 December 2022	18,584	1,054	12,420	-	32,058
Carrying amount					
as of 31 December 2021	174,360	9,237	17,867	-	201,464
as of 31 December 2022	165,633	8,982	16,487	-	191,102

5 Cash and bank balances

In thousand drams	As of 31 December 2022	As of 31 December 2021
Cash in hand	128	474
Cash at bank	6,106	683
	6,234	1,157

6 Grants related to assets

In thousand drams	2022	2021
Balance at the beginning of year	187,343	193,264
Transfer from deferred income	419	1,522
Additions during the year	-	4,110
Income recognized (refer to note 7)	(12,473)	(11,553)
Balance at the end of year	175,289	187,343

All assets of the Organization are purchased with grant funds.

7 Income from grants and donations

In thousand drams	Year ended 31 December 2022	Year ended 31 December 2021
Grants related to assets	12,473	11,553
Restricted donations	43,771	43,733
Other donations	36	36
	56,280	55,322

8 Critical accounting estimates and judgments

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

8.1 Critical accounting estimates

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

Useful lives of property and equipment

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

Grants recognition

As disclosed in note 3.7, grants are not recognized until there is reasonable assurance that the Organization will comply with the conditions attaching to them and the grants will be received. For each grant agreement management estimates the probability that it will satisfy the conditions attached to the grant, and that the grant will be received. In doing so, management relies on the previous experience with the donor, as well as the capabilities of the Organization to completely implement the grant.

9 Financial instruments

9.1 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition and the basis on which income and expenses are recognized, in respect of each class of financial asset and financial liability are disclosed in note 3.

9.2 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 2022	As of 31 December 2021
Amortized cost		
Cash and cash equivalents	6,234	1,157
Total financial assets	6,234	1,157

Financial liabilities

In thousand drams	As of 31 December 2022	As of 31 December 2021
Amortized cost		
Trade and other payables	602	598
Borrowings from related parties	26,304	16,522
Total financial liabilities	26,906	17,120

10 Financial risk management

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

Financial risk factors

a) Market risk

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

Foreign currency risk

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

Most of the Organization's transactions are carried out in Armenian drams. Exposures to currency exchange rate arise from the Organization's grants, which are primarily denominated in foreign currency.

As of 31 December 2022, and as of 31 December 2021 the Organization has no balances of financial assets and liabilities denominated in foreign currencies.

b) Credit risk

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

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

The credit risk in respect of cash balances held with banks are managed by keeping cash with major reputable financial institutions only.

c) Liquidity risk

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

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

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

11 Contingencies

11.1 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 Organization 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 Organization property or relating to the Organization operations. Until the Organization 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 Organization's operations and financial position.

11.2 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.

12 Related parties

The Organization's related parties include the members of the Board of the Organization, its president and members of the president's family.

12.1 Transactions with related parties

During the reporting year the Organization had the following transactions with the related parties.

In thousand drams

Transactions	Year ended 31 December 2022	Year ended 31 December 2021
Salary	8,519	5,982
Borrowings received	9,782	16,522

As of 31 December 2022 and as of 31 December 2021 the Organization has no outstanding balances with related parties.