

Financial Statements and
Independent Auditor's Report
“ARMENIAN CARITAS” Benevolent NGO
December 31, 2006

Grant Thornton Amyot 

Balance sheet

In thousand drams		As of December 31, 2006	As of December 31, 2005
	Note		
Assets			
<i>Non-current assets</i>			
Property and equipment	3	54,687	52,965
Intangible assets		134	236
		<u>54,821</u>	<u>53,201</u>
<i>Current assets</i>			
Inventories			
Accounts receivables		3,085	1,482
Receivables from donors	4	23,005	8,794
Cash and cash equivalents	5	27,621	95,532
		<u>53,711</u>	<u>105,808</u>
Total assets		<u>108,532</u>	<u>159,009</u>
Liabilities and fund balances			
<i>Non-current liabilities</i>			
Grants related to assets	6	54,821	53,201
		<u>54,821</u>	<u>53,201</u>
<i>Current liabilities</i>			
Grants related to income	7	53,954	102,663
Accounts payable		373	803
		<u>54,327</u>	<u>103,466</u>
<i>Fund balances</i>			
Accumulated profit/(loss)		(616)	2,342
		<u>(616)</u>	<u>2,342</u>
Total liabilities and fund balances		<u>108,532</u>	<u>159,009</u>

The financial statements were approved on June 18, 2007 by:

Yeghia Karaqehyan
Executive Director

Vardan Muradyan
Head of financial department

The balance sheet is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 8 to 17.

Statement of income and expenses

In thousand drams		Year ended December 31, 2006	Year ended December 31, 2005
	Note		
<i>Donations</i>			
Income from grants		445,558	369,054
		<u>445,558</u>	<u>369,054</u>
<i>Expenses</i>			
Program expenses	8	(384,293)	(299,858)
Administrative expenses	9	(58,521)	(68,857)
Loss on disposal of property and equipment		(2,744)	(339)
Gain from exchange rate fluctuations, net		(2,958)	2,342
Result of the year		<u>(2,958)</u>	<u>2,342</u>
<i>Change in fund balances</i>			
Opening balance		2,342	-
Result of the year		<u>(2,958)</u>	<u>2,342</u>
Closing balance		<u>(616)</u>	<u>2,342</u>

The statement of income and expenses is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 8 to 17.

Cash flow statement

In thousand drams	Year ended December 31, 2006	Year ended December 31, 2005
Cash flows from operating activities		
Result of the year	(2,958)	2,342
<i>Adjustments for:</i>		
Depreciation and amortization	17,970	14,816
Loss on disposal of property and equipment	2,744	339
Income from grants	(445,558)	(369,054)
<i>Operating loss before working capital changes</i>	<u>(427,802)</u>	<u>(351,557)</u>
Change in accounts receivable	(15,814)	39,696
Change in accounts payable	(430)	803
Change in grants related to income	348	(60,174)
<i>Net cash used in operating activities</i>	<u>(443,698)</u>	<u>(371,232)</u>
Cash flows from investing activities		
Acquisition of property and equipment	(22,334)	(26,965)
Acquisition of intangible assets	-	(303)
Cash received from grants	398,121	343,735
<i>Net cash from investing activities</i>	<u>375,787</u>	<u>316,467</u>
Net from decrease in cash and cash equivalents	(67,911)	(54,765)
Cash and cash equivalents at the beginning of the year	95,532	150,297
Cash and cash equivalents at the end of the year	<u>27,621</u>	<u>95,532</u>

The cash flow statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 8 to 17.

1. Grants related to income

	2006	2005
Balance at the beginning of the year	102,663	200,269
Donations received during the year	398,121	343,735
Realized to income	(424,844)	(353,899)
Transferred to grants related to assets	(22,334)	(27,268)
Derecognition of grants previously accrued	16,425	(37,470)
Gain from revaluation of grants balances realized to income, net	(15,255)	(17,077)
Unused balance returned to donor	(822)	(4,903)
Other adjustments	-	(724)
Balance at the end of the year	53,954	102,663

The details of the donations received during the year are presented below.

The equivalent of amounts in Euros for donations received and expenses incurred are presented for the convenience of the users of the financial information.

Donations/grants received for the Projects are follows:

<i>* Donations received during the year</i>	2006		2005	
	In thousand drams	Equivalent in Euros	In thousand drams	Equivalent in Euros
Projects				
Assistance to the children	76,694	141,864	24,047	37,451
Water and sanitation	23,546	44,964	-	-
Support to elderly	73,609	136,199	18,989	35,497
Primary care dispensary	34,165	61,828	6,786	12,693
Trafficking and domestic violence	-	-	23,913	40,748
Home care ¹	-	-	32,128	57,527
Community development	25,273	51,387	64,861	116,504
Parent school partnership	113,668	220,000	88,887	163,755
Others	20,009	37,846	26,647	47,196
	366,964	694,088	286,258	511,371
Administrative expenses	31,157	60,097	57,477	106,701
	398,121	754,185	343,735	618,072

¹ in 2006 “Home Care” projects are included in “Support to Elderly” projects

Donations made by the Donors are detailed below:

* Donations received during the year

	2006		2005	
	In thousand drams	Equivalent in Euros	In thousand drams	Equivalent in Euros
Donors				
Cordaid	41,416	79,443	76,040	141,020
USAID	-	-	4,925	7,819
Caritas Italy	15,029	26,947	16,572	29,935
Caritas Spain	16,681	29,939	87,697	155,905
Caritas Germany	88,954	163,758	36,025	59,103
Caritas France	120,306	232,395	89,728	165,345
Caritas Sweden	-	-	-	-
Renovabis	19,876	39,000	17,159	30,000
JMF	-	-	5,049	9,518
Bishops Conferans	39,352	70,405	-	-
CRS	8,180	16,387	-	-
Caritas Belgum	15,708	29,580	-	-
Caritas Austria	12,513	26,150	-	-
Other donors	20,106	40,181	10,250	18,902
Community	-	-	290	525
	<u>398,121</u>	<u>754,185</u>	<u>343,735</u>	<u>618,072</u>

2. Program expenses

	2006		2005	
	In thousand drams	Equivalent in Euros	In thousan d drams	Equivalent in Euros
Projects				
Assistance to the children	58,625	114,200	18,166	27,682
Water and sanitation	20,629	40,488	15,047	27,173
Support to elderly	62,992	120,065	7,103	12,756
Primary care dispensary	21,308	41,367	22,821	40,638
Trafficking and domestic violence	8,177	15,875	22,188	38,175
Home care	-	-	15,047	26,153
Community development	44,273	80,656	33,501	59,955
Parent school partnership	145,682	285,364	129,559	225,465
Other	22,607	51,337	36,426	68,118
Total	<u>384,293</u>	<u>749,352</u>	<u>299,858</u>	<u>526,115</u>