



ELECTRONIC LABOR EXCHANGE PLATFORM PROJECT

**IMPLEMENTED BY THE "NORK" SOCIAL SERVICES TECHNOLOGY AND AWARENESS CENTER"
FUND**

**Special Purpose Financial Statements
and
Independent Auditor's Report**

For the year ended 31 December 2023

Table of Content

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR THE PREPARATION OF THE FINANCIAL STATEMENTS.....	3
INDEPENDENT AUDITOR'S REPORT	4
1. General information.....	8
2. Summary of significant accounting policies.....	9
3. Summary of SOEs	10
4. Statement of Designated Account	10
5. Statement of Financial Position	11
6. Cash.....	11
7. Financing.....	11
8. Project Expenditures.....	12

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The management of the "Nork" Social Services Technology and Awareness Center Fund ("Nork TC") is responsible for the preparation of the special purpose financial statements for the year ended 31 December 2023 of "Electronic Labor Exchange Platform Project" ("Project") financed by Eurasian Fund for Stabilization and Development ("EFSD") under Grant Agreement signed on March 14, 2022 ("Grant Agreement"), in compliance with the International Public Sector Accounting Standard "Financial Reporting under the Cash Basis of Accounting" (IPSAS-Cash Basis) issued by the International Public Sector Accounting Standards Board (IPSASB).

In preparing the special purpose financial statements, Nork TC's management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional required disclosures for the year ended 31 December 2023.

Nork TC's Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Project;
- Maintaining adequate accounting records that are sufficient to show and explain the Project's transactions, and which enable them to ensure that the special purpose financial statements of the Project comply with *IPSAS - Cash Basis* and the Grant Agreement;
- Taking such steps that are reasonably available to them to safeguard the assets of the Project and to affirm that funds received have been used in accordance with the Grant Agreement, with due attention to economy and efficiency, and only for the purposes for which the financing was provided; and
- Preventing and detecting fraud and other errors.

The special purpose financial statements for the year ended 31 December 2023 were authorized for issue on 26 June 2024 by the Nork TC's Management.



Anahit Parzyan
Executive Director of the
"Nork" Social Services Technology and
Awareness Center Fund



Ashkhen Janjughazyan
Financial Consultant



Tel: +374 60 528899
E-mail: bdo@bdoarmenia.am
www.bdoarmenia.am

23/6 Davit Anhaght Str
5th Floor, Office 7
Yerevan, Armenia

INDEPENDENT AUDITOR'S REPORT

To the management of "Nork" Social Services Technology and Awareness Center Fund

Opinion

We have audited the accompanying special purpose Financial Statements of the “Electronic Labor Exchange Platform Project” (“Project”) financed through Grant Agreement signed on March 14, 2022 between the Republic of Armenia and Eurasian Development Bank (“Grant Agreement”), and implemented by the “Nork” Social Services Technology and Awareness Center Fund (Nork TC), which comprise the statement of sources and uses of funds, the statement of uses of funds by Project activity for the year ended 31 December 2023, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the special purpose financial statements present fairly in all material respects the cash receipts and payments of the Project for the year ended 31 December 2023 in accordance with International Public Sector Accounting Standard: *Financial Reporting Under the Cash Basis of Accounting*, (IPSAS-Cash Basis).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as issued by International Auditing and Assurance Standards Board (IAASB). 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 Project in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled out other ethical requirements in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter- Cash Basis of Accounting

Without qualifying our opinion, we draw attention to Note 2 to the special purpose financial statements, which describes those financial statements are prepared in accordance with cash basis framework, as a result, they may not be suitable for other purposes.

Management's Responsibility for the Special Purpose Financial Statements

The management of the Project is responsible for the preparation and fair presentation of these special purpose financial statements in accordance with IPSAS-Cash Basis issued by the International Public Sector Accounting Standards Board (IPSASB), and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatements, whether due to fraud or error.



Tel: +374 60 528899
E-mail: bdo@bdoarmenia.am
www.bdoarmenia.am

23/6 Davit Anhaght Str
5th Floor, Office 7
Yerevan, Armenia

Auditor's Responsibility for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose 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 guaranty that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements arise from fraud and 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 special purpose financial statements.

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

- Identify and assess the risks of material misstatement of the special purpose 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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.

Report on Other Legal Requirements

To comply with the terms of the Grant Agreement, the Nork TC's management shall insure that:

1. funds have been used in accordance with the conditions of the Grant Agreement, and only for the purposes for which the financing was provided;

In our opinion, the Nork TC's management, in all material respects, has complied with the above requirements for the year ended 31 December 2023.

26 June 2024

"BDO Armenia" LLC



Vahagn Sahakyan, FCCA
Managing Partner

Electronic Labor Exchange Platform Project
 EFSD GRANT
 Statement of cash receipt and payments
 For the year ended December 2023
 (in USD)

	Notes	Actual		Planned		Variance	
		Year ended 31 Dec 2023	Cumulative as at 31 Dec 2023	Year ended 31 Dec 2023	Cumulative as at 31 Dec 2023	Year ended 31 Dec 2023	Cumulative as at 31 Dec 2023
Opening Cash Balance							
Project Account (GOA)		-	-				
Designated Account (EFSD Grant)		262,718.07	-				
Total		262,718.07	-				
Sources of Funds							
GOA		79,298.65	92,707.88				
EFSD Grant		218,000.00	518,000.00				
Total	7	297,298.65	610,707.88				
Foreign currency gain/loss							
GOA		(2,702.79)	(2,543.69)				
Total		(2,702.79)	(2,543.69)				
Uses of funds							
Categories							
(1) Goods, works, services in accordance with procurement plan and Operating costs		391,290.17	442,140.43	635,439.76	686,638.09	(244,149.59)	(244,497.66)
Total project expenditures	8	391,290.17	442,140.43	635,439.76	686,638.09	(244,149.59)	(244,497.66)
Closing Cash Balance							
Project Account (GOA)		2.41	2.41				
Designated Account (EFSD Grant)		166,021.35	166,021.35				
Total	6	166,023.76	166,023.76				

The project special purpose financial statements were approved by the management of the "Nork" Social Services Technology and Awareness Center Fund on 26 June 2024 and signed on its behalf. The accompanying notes form an integral part of the project special purpose financial statements.


 Anahit Parzyan
 Executive Director of the
 "Nork" Social Services Technology and Awareness
 Center Fund


 Ashkhen Janjughazyan
 Financial Consultant

Electronic Labor Exchange Platform Project
 EFSD GRANT
 Statement of uses of funds by Project activity
 For the year ended December 2023
 (in USD)

Component	Actual		Planned		Variance	
	Year ended 31 Dec 2023	Cumulative as at 31 Dec 2023	Year ended 31 Dec 2023	Cumulative as at 31 Dec 2023	Year ended 31 Dec 2023	Cumulative as at 31 Dec 2023
Component 1. Design, development and implementation of Electronic Labor Exchange Platform	4,612.76	8,437.66	107,940.00	111,990.00	(103,327.24)	(103,552.34)
Component 2. Provision with technical means	269,908.78	269,908.78	330,993.00	330,993.00	(61,084.22)	(61,084.22)
Component 3. Public awareness on Electronic Labor Exchange Platform	-	-	84,840.00	84,840.00	(84,840.00)	(84,840.00)
Component 4. Project management.	116,768.63	163,793.99	111,666.76	158,815.09	5,101.87	4,978.90
Total Project Expenditure	391,290.17	442,140.43	635,439.76	686,638.09	(244,149.59)	(244,497.66)

The project special purpose financial statements were approved by the management of the "Nork" Social Services Technology and Awareness Center Fund on 26 June 2024 and signed on its behalf. The accompanying notes form an integral part of the project special purpose financial statements.



Anahit Parzyan
 Executive Director of the
 "Nork" Social Services Technology and Awareness
 Center Fund



Ashkhen Janjughazyan
 Financial Consultant

1. General information

1.1. The Project

On 14 March 2022 between the Republic of Armenia and the Eurasian Development Bank (EFSD) was concluded Grant Agreement, according to which Eurasian Fund for Stabilization and Development (EFSD) provided a grant to the Republic of Armenia in the amount of 518,000 USD.

The Grant was provided for the implementation of “Electronic Labor Exchange Platform Project” (the Project).

The Grant Availability Date in accordance with the Grant Agreement (Annex 2) was set at 31 December 2022.

On 22 December 2022 based on the letter N EFSD-350 from Eurasian Fund for Stabilization and Development (EFSD), the Grant Availability Date was extended till 31 December 2023, and then based on the letter N EFSD-558 dated 25 October 2023 it was extended till 30 June 2024.

1.2. The Project objectives

The aim of the Electronic Labor Exchange Platform Project is to provide a unified state online platform for employers and job seekers in the Republic of Armenia.

The Project consists of the following components:

Component 1. Design, development and implementation of Electronic Labor Exchange Platform.

Component 2. Provision with technical means.

Component 3. Public awareness on Electronic Labor Exchange Platform.

Component 4. Project management.

1.3. The Project Budget and Financing

The Project is being financed by the following sources:

- EFSD Grant - 100% of all expenditures, exclusive of taxes.

Category*	EFSD Grant	Total
	USD	USD
(1) Goods, works, services in accordance with procurement plan and Operating costs	518,000	518,000
Total	518,000	518,000

*As per the amendment to the Grant Agreement dated 22 August 2023 the categories and correspondingly the budgets were combined with no change to the total amount.

- The Government of the Republic of Armenia (Government of RA) - expenditures related to taxes and other mandatory payments. No budget is defined for such expenditures in the Grant Agreement.

1.4. Project Implementation

According to the Grant Agreement, the Ministry of Labor and Social Affairs of RA is responsible for the overall implementation of the Project.

““Nork” Social Services Technology and Awareness Center” Fund, acts as a Project Implementation Group (“PIG”) and coordinates and monitors the implementation of the Project.

On 22 June 2022 an Agreement was signed between the Ministry of Labor and Social Affairs of the Republic of Armenia and the ““Nork” Social Services Technology and Awareness Center” Fund on the implementation of the Electronic Labor Exchange Platform Project and determining the roles

and responsibilities of the Parties.

The Nork TC address is: Karapet Ulnetsi St., 68 Building, Yerevan 0037, Republic of Armenia.

2. Summary of significant accounting policies

2.1. Preparation and presentation of financial statements

The special purpose financial statements are prepared in accordance with the International Public Sector Accounting Standard: Financial Reporting Under the Cash Basis of Accounting (IPSAS-Cash Basis), issued by the International Public Sector Accounting Standards Board (IPSASB) within the International Federation of Accountants (IFAC).

The principal accounting policies applied in the preparation of these special purpose financial statements are set out below. These policies have been consistently applied to all the periods presented.

2.2. Cash basis of accounting

The special purpose financial statements are prepared and presented using the cash basis of accounting.

Cash basis means a basis of accounting under which transactions and other events are recognized only when cash or its equivalent is received or paid.

Financial statements prepared under the cash basis provide information about the sources of cash raised during the period, the purpose for which cash was used and the cash balances at the reporting date.

2.3. Reporting currency

The Project financial statements are presented in United States Dollars (USD).

2.4. Foreign currency transactions

Foreign currency is a currency other than the reporting currency of the Project.

Project accounts are maintained in USD and Armenian Drams (AMD).

Transactions in foreign currencies are translated to presentation currency at exchange rates at the dates of these transactions.

- For donor funds inflows - the transaction date foreign exchange buy rate set in RA Treasury system and provided by the Central Bank of Armenia, is used.
- For donor funds outflows - the transaction date foreign exchange buy rate set in RA Treasury system and provided by the Central Bank of Armenia, is used.
- For RA cofinancing outflows - the transaction date foreign exchange average rate set in RA Treasury system and provided by the Central Bank of Armenia, is used.

The average exchange rate at currency market issued by the CBA as at 31 December 2023 is
1 USD = 404.79 AMD

2.5. Budgeting

Annual budgets for funding and expenditures are based on project budget approved by parties of the Grant Agreement.

2.6. Taxes

All applicable taxes are paid in accordance with tax regulations of the Republic of Armenia.

3. Summary of SOEs

For the year ending 31 December 2023.

SOE	Payment categories	
	(1) Goods, works, services in accordance with procurement plan and Operating costs	Total
Q1-2023	13,728.25	13,728.25
Q2-2023	21,536.08	21,536.08
Q3-2023	20,113.47	20,113.47
Q4-2023	259,318.92	259,318.92
Total	314,696.72	314,696.72

The Statements of Expenditures (SOE) were submitted to EFSD on quarterly basis adjacent to the Unaudited Interim Financial Reports (IFR).

4. Statement of Designated Account

Bank account number	900000910845
Bank	Central Treasury 1 Meliq-Adamyán, Yerevan, 0010
Bank location	Republic of Armenia
Currency	USD

	EFSD Grant FY 2023	EFSD Grant FY 2022
1. Opening balance	262,718.07	-
2. Add: opening discrepancy	-	-
3. EFSD advance/replenishment	218,000.00	300,000.00
4. Less: Refund to EFSD from DA	-	-
5. Present outstanding amount advanced to DA	480,718.07	300,000.00
6. DA closing balance	166,021.35	262,718.07
7. Add: Amount of eligible expenditures paid	314,696.72	37,281.93
8. Less: interest earned (if credited to DA)	-	-
9. Total advance accounted for	480,718.07	300,000.00
10. Closing discrepancy (5)-(9)	-	-

5. Statement of Financial Position

The Statement of Financial Position discloses the assets, liabilities, and net assets of the Project as of the reporting date. It is prepared on an accrual basis that is transactions are recognized when they occur (and not only when cash is received or paid).

	Note	31-Dec-23 USD	31-Dec-22 USD
ASSETS			
Cash	6	166,023.76	262,718.07
Total assets		166,023.76	262,718.07
LIABILITIES			
Payables		-	-
Total liabilities		-	-
Cumulative income			
EFSD Grant	7	610,707.88	313,409.23
		610,707.88	313,409.23
Cumulative expenses			
Project expenses	8	442,140.43	50,850.26
		442,140.43	50,850.26
Foreign exchange gain/(loss)		(2,543.69)	159.10
Total net assets		166,023.76	262,718.07

6. Cash

	Account held at	Underlying Currency	31.12.2023 USD	31.12.2022 USD
Project Account (GOA)	Treasury	AMD	2.41	0.00
Designated Account (EDB Grant)	Treasury	USD	166,021.35	262,718.07
Total			166,023.76	262,718.07

7. Financing

7.1 EFSD Grant

	FY2023 USD	FY2022 USD	Cumulative as at 31 December 2023 USD
Advances	218,000.00	300,000.00	518,000.00
SOE	-	-	-
Total	218,000.00	300,000.00	518,000.00
Total financing budget			518,000.00
Percentage of finance provided as at 31 Dec 2023			100%

7.2 Government of the Republic of Armenia

	FY2023	FY2022	Cumulative as at 31 December 2023
	USD	USD	USD
GA co-financing	79,298.65	13409.23	92,707.88
Total	79,298.65	13,409.23	92,707.88
Total financing budget			N/A
Percentage of finance provided as at 31 Dec 2023			N/A

8. Project Expenditures

8.1 Project expenditures per financing sources

Expenditure category	For the year ending 31 December 2023		
	EFSD Grant	Government of RA	Total
	USD	USD	USD
(1) Goods, works, services in accordance with procurement plan and Operating costs	314,696.72	76,593.45	391,290.17
Total	314,696.72	76,593.45	391,290.17

8.2 Project expenditure budget execution

Expenditure category	Cumulative Expenditures as at 31 December 2023	Total budget	Execution
	USD	USD	%
(1) Goods, works, services in accordance with procurement plan and Operating costs	351,978.65	518,000.00	68%
Total	351,978.65	518,000.00	68%