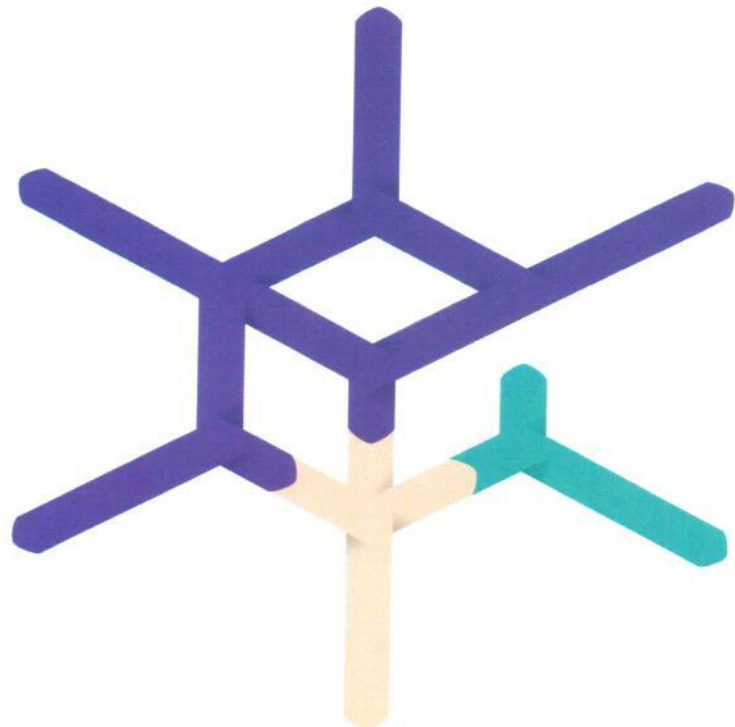


Grant Project Financial Statements and Independent Auditor's Report

**“Yerevan State Medical University after Mkhitar
Heratsi” Foundation**

**“Scientific-Educational Center of Brain Fundamental
Researches” Project**

As of 28 February 2022 and for the period from 1 August 2019
to 28 February 2022



Independent auditor's report

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To the management of the State Agency "Center for Education Projects" Project Implementation Unit

Opinion

We have audited the Grant project financial statements of the "Scientific-Educational Center of Brain Fundamental Researches" Grant project (the "Project") financed within the scope of Competitive Innovation Fund (the "CIF"), which comprise the statement of financial position as of 28 February 2022, the statement of project sources and uses of funds, the statement of uses of funds by project main categories of expenditures, the grant operating account statement and the co-financing operating account statement for the period from 1 August 2019 to 28 February 2022, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying Grant project financial statements give a true and fair view of the financial position of the "Scientific-Educational Center of Brain Fundamental Researches" Grant project as of 28 February 2022, and of the funds received and expenses incurred for the period from 1 August 2019 to 28 February 2022, in accordance with the accounting policies described in note 2, the relevant points of the Grant Agreement 16/19-CIF and the Operational Manual for CIF.

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 Grant Project Financial Statements* section of our report. We are independent of "Yerevan State Medical University after Mkhitar Heratsi" Foundation (the "YSMU") 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.

Emphasis of Matter

We draw attention to note 2 to the Grant project financial statements, which describes the basis of accounting. The Grant project financial statements are prepared to assist the management of the State Agency "Center for Education Projects" Project Implementation Unit to meet the requirements of CIF based on the frames of the World Bank's Education Improvement Project. As a result, the Grant project financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Statement of financial position

In Armenian drams	Note	As of 28 February 2022
Assets		
<i>Non-current assets</i>		
Grant project accumulated expenses		318,028,575
Total assets		318,028,575
Funds		
Grant project accumulated financing	4	318,027,771
Other funds		804
		318,028,575
Liabilities		
Accounts payable		-
		318,028,575
Total funds and liabilities		318,028,575

The Grant project financial statements were approved on 12 April 2022 by:

Armen Muradyan

Larisa Parseghyan

Rector

Chief Accountant



This statement is to be read in conjunction with the notes to and forming part of the Grant project financial statements set out on pages 10 to 13.

Statement of uses of funds by project main categories of expenditures

Period from 1 August 2019 to 28 February 2022

In Armenian drams

Type of expense	Estimated expenses			Actual expenses			Variance		
	Grant	Co-financing	Total	Grant	Co-financing	Total	Grant	Co-financing	
Office and laboratory furniture	12,488,184	3,122,046	15,610,230	9,540,000	2,385,000	11,925,000	2,948,184	737,046	3,685,230
Computers and equipment	7,808,000	1,952,000	9,760,000	7,754,400	1,938,600	9,693,000	53,600	13,400	67,000
Laboratory equipment and supplies	217,930,136	69,131,062	287,061,198	217,929,493	69,130,901	287,060,394	643	161	804
Stationary	691,520	172,880	864,400	343,176	85,794	428,970	348,344	87,086	435,430
Printing	1,772,000	443,000	2,215,000	1,418,800	354,700	1,773,500	353,200	88,300	441,500
Business trip for the purpose of gaining experience	3,062,712	765,678	3,828,390	725,526	181,381	906,907	2,337,186	584,297	2,921,483
CIF Grant project staff salary	4,992,000	1,248,000	6,240,000	4,992,000	1,248,000	6,240,000	-	-	-
Total	248,744,552	76,834,666	325,579,218	242,703,395	75,324,376	318,027,771	6,041,157	1,510,290	7,551,447

This statement is to be read in conjunction with the notes to and forming part of the Grant project financial statements set out on pages 10 to 13.

Co-financing operating account statement

In Armenian drams

Opening balance as of 1 August 2019		-
Add: Cumulative unexplained discrepancy		-
Co-financing received during the period	76,834,666	
	<u>76,834,666</u>	<u>76,834,666</u>
Less: Refund of co-financing during the period		(1,510,290)
Present outstanding amount advanced to the co-financing operating account (1)		<u>75,324,376</u>
Closing balance as of 28 February 2022		-
Add: Amount of eligible expenditures paid during the period	75,324,376	
	<u>75,324,376</u>	<u>75,324,376</u>
Total advance accounted for (2)		<u>75,324,376</u>
Discrepancy (1) – (2) to be explained		-

This statement is to be read in conjunction with the notes to and forming part of the Grant project financial statements set out on pages 10 to 13.

The main goals of the project are to:

- create modern and powerful infrastructure,
- develop innovative neuroscience research,
- create an environment for teaching modern research methods and acquiring transferable skills,
- establish an incubator of young specialists endowed with research abilities,
- introduce new scientific-educational projects for students and postgraduates,
- recruit trained and highly qualified specialists,
- develop ambitious international scientific-educational projects together with the consortium member institutions,
- increase the international visibility of YSMU.

As a result of the establishment of the Scientific-Educational Center for Brain Fundamental Researches, it is expected to give new impetus to studies of Alzheimer's disease, autism and stroke, to improve the quality of research, to increase the share of research-oriented staff, to integrate students into research work at different stages of their education, to develop students' research thinking. The material and technical base of the center can serve as a platform for the implementation of the work of students and scientists of other universities and research centers, which will contribute to the improvement of the quality of science not only of YSMU, but also of the Republic of Armenia. The establishment of the Scientific-Educational Center for Brain Fundamental Researches will strengthen cooperation with leading international scientific centers, acquire new partners, thereby increasing the quality and efficiency of science in Armenia. The establishment of the Scientific-Educational Center will help to create new jobs for its graduates and other young researchers.

The YSMU is located at 2 Koryun street, Yerevan, Armenia.

During the reporting period the number of staff involved in the Grant project implementation was 4.

2 Basis of preparation

2.1 Statement of compliance

The Grant project financial statements were prepared in accordance with the accrual basis of accounting, the relevant points of the Grant Agreement 16/19-CIF and requirements of the Operational Manual for CIF. Significant accounting policies are disclosed below.

2.2 Functional and presentation currency

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

These Grant project financial statements are presented in Armenian drams, since management believes that this currency is more useful for the users of these Grant project financial statements. All financial information presented in Armenian drams has been rounded to the nearest unit.

2.3 Grant project financing

The financing received in the framework of the agreement is recorded in the statement of financial position as "Grant project accumulated financing" and is recognized at each replenishment. The unused amounts available at the end of the Grant project, which are subject to be returned are being deducted from the amounts of "Grant project accumulated financing" and recognized as payable. In addition, the current period funds received are disclosed in the statement of project sources and uses of funds.

6 Fixed assets

The items of fixed assets include furniture, computer and other equipment acquired in the scope of the Grant project. No depreciation is calculated in respect of them.

The acquired and expensed items are the property of the YSMU.

The initial cost of the fixed assets procured within the scope of the Grant project are presented below:

Fixed assets

	As of 28 February 2022
In Armenian drams	
Office and laboratory furniture	11,925,000
Computers and equipment	9,693,000
Laboratory equipment and supplies	286,956,394
	<u>308,574,394</u>