



NGO and Business Audit d.o.o. Sarajevo Audit and Consulting Company

AUDIT REPORT
FINANCIAL STATEMENTS FOR 2015
SARAJEVO OPEN CENTRE

Sarajevo, April 2016.

Audit of Financial Statements for 2015 - Sarajevo Open Centre

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1. DECLARATION OF FULL DISCLOSURE

SARAJEVO OPEN CENTRE

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Sarajevo, April 07th 2016.**DECLARATION OF FULL DISCLOSURE TO
THE AUDIT COMPANY "NGO AND BUSINESS AUDIT", d.o.o. SARAJEVO**

Dear Sirs/Madams,

With reference to the Audit Contract between Sarajevo Open Centre and Auditing Company "NGO AND BUSINESS AUDIT", d.o.o. Sarajevo of April 7th 2016, we are certifying: the acknowledgement of the Sarajevo Open Centre's responsibility for the keeping of accounts and financial documents that are correct, complete, fair, representing the true facts, in conformity with the objectives of the project, the documents of reference (description of the project, contracts, budgets, etc.) and national legislation that all accounting records, supporting and other documents, minutes and any pertinent information necessary for the audit will be at the disposal of the auditor the completeness of information concerning property and goods, the completeness of information concerning financing received or due and own financing concerning the audited period, for the project being audited the availability for supplying any information and explanations, either orally or by written confirmation, which might be required by the auditor in the execution of his mandate.

We confirm to the best of our knowledge and belief, and having made the appropriate inquiries, of the officials of the Sarajevo Open Centre, the following representation given to you in connection with your audit of the financial statement for the period 1st January - 31st December 2015.

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Sarajevo Open Centre have been properly reflected and recorded in the accounting records. All other records and related information which might affect the fairness of, or necessary disclosure in, the accounts, have been made available to you, and no such information has been withheld.

We are not aware of any irregularities, including fraud involving management or employees of the Sarajevo Open Centre other than situation already discussed with you, nor are we aware of any breaches or possible breaches of the BiH regulations, or Contract. No allegation of such irregularities, including fraud or such breaches, has come to our notice.

No circumstances have arisen, or events occurred, between the Financial Statements date and the date of this letter, in respect of matters, which would require adjustments to, or disclosure in accounts.

We are not aware of any circumstances where an entity outside the Sarajevo Open Centre has the right to instruct the Sarajevo Open Centre on its business operations and decisions.

There is no litigation against Sarajevo Open Centre, which could cause any contingent liabilities.

For and on behalf of the Sarajevo Open Centre:

Saša Gavrić, Executive Director



2. INDEPENDENT AUDITOR'S OPINION

Introduction

We have audited the accompanying Balance Sheet and Profit and Loss Statement of the **Sarajevo Open Centre**, Čekaluša 16 as of December 31, 2015.

Management responsibility of Sarajevo Open Centre

Management of the Sarajevo Open Centre is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements free from material misstatement and which are consequences of errors or fraud; selecting and applying appropriate accounting policies and accounting estimates that are appropriate in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with International Standards on Auditing as defined by the International Federation of Accountants. Those standards require that we comply with ethical requirements of the profession and to perform the audit in a manner to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether caused by error or a fraud. The risk assessment considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls.

Opinion

In our opinion, based on the audit performed, the above financial statements give a true and fair view, in all material respects, of the financial position of the Sarajevo Open Centre as of December 31, 2015, and of its financial performance, and is in accordance with the generally accepted accounting standards.

Sarajevo, April 18th 2016
NGO and Business Audit, d.o.o. Sarajevo

Licensed Auditor



Ismeta Čardaković, B.Sc. Oec

License no. 3090185103



Director



Šejla Jakupović, B.Sc. Oec

3. INTRODUCTION

Sarajevo Open Centre (SOC) advocates the full respect of human rights and social inclusion of lesbian, gay, bisexual, trans* and intersex (LGBTI) people and women.

Sarajevo Open Centre is an independent feminist civil society organization that strives to empower lesbian, gay, bisexual, trans* and intersex (LGBTI) people and women through community empowerment and activist movement building. SOC also promotes the human rights of LGBTI people and women publically and advocates on national, European and international level for improved legislation and policies in Bosnia and Herzegovina. By working on European integration issues, SOC is improving human rights in general and encouraging further the development of civil society.

SOC was established in 2007, and they have been working intensively since 2011, when they opened first office and had team members constantly working in the Sarajevo Open Centre.

Since then, the Centre has been constantly developing its capacities and human resources as well as its professionalism and the scope of work.

SOC adopted its Strategic Plan for the period 2014-2017 and defined directions of development in the future period (learn more at the link: <http://soc.ba/en/about-us/>).

3.1 SOC Profile

- Name: Sarajevo Open Centre (SOC)
- Main Office: Bosnia and Herzegovina, Sarajevo, Čekaluša 16
- Field Offices:
 1. Sarajevo Office
- ID No: 4201263530004
- VAT No: VAT exempt
- Business Classification Code according to the Standard Industry Classification: 94.99
- Registration Court: last registration – under the Decree issued by the BiH Ministry of Justice, No. 08-07-1-98/07 dated August 30th 2007
- SOC Executive Director: Saša Gavrić

3.2. Management and Supervision

In accordance with the Statute, the bodies of the organization are: Assembly, Governing Board and Executive Director.

The Governing Board consists of three persons out of whom the president of the Governing Board is elected. As defined in the Statute some of the basic tasks of the Governing Board are among other things to:

- Prepare and propose the draft of the changes of the Statute and other documents passed by the Assembly;
- Carry out the policy, conclusions and other decisions made by the Assembly;
- Manage the property of the Association;
- Follow the realization of the financial plan of the work of the Association and make decisions on the usage of the funds;
- Submit the annual and periodical reports on its work to the Assembly,
- Establish the annual and half-annual projections on the execution of the income and expense plan and submit it to the Assembly for consideration and adoption.

The work of the Governing Board is defined by the Regulations on work of the Governing Board which is in compliance with the general principles of the work of Governing Boards.

Statutorily, SOC is set as a member organization and it is set that all the members of the Association are at the same time the members of the Assembly with equal rights and obligations.

The Executive Director primarily manages the projects/programs, chooses, manages and leads the staff, takes care of the financial stability and represents the organization. Beside this the Executive Director guarantees the quality of work and the respect of the highest standards when it comes to the finances, transparency, anti-corruption measures and human resources.

In the organization there is clear hierarchy with the defined responsibilities and obligations.

3.3. General Policies and Procedures

The Sarajevo Open Centre general policies and procedures include:

- The Statute,
- Accounting Rulebook,
- Rulebook on accounting policies,
- Rulebook on internal organization and organization chart,
- Rulebook on working conditions, organization, and salary scale,
- Rulebook on financial management,
- Rulebook on petty cash operations,
- Rulebook on procurement procedures.

3.4. Structure and Number of Employees

The Sarajevo Open Centre employs 12 full time employees.

There is a clear organizational structure with respect to the segregation of duties. The job descriptions are defined by agreement. Labor relations and all rights of employees are defined in the Rules of Procedure in accordance with current laws of BiH.

The Sarajevo Open Centre organizational staff structure is shown in the table below:

No.	Description	No. of employees as of December 31st 2015
1	University degree, Master's	3
2	University degree, Bachelor's	4
3	High School Degree	5 ¹
	Total as of December 31st 2015	12

3.5. Sources of Funding

The Sarajevo Open Centre obtains funding for its activities through a competitive bidding for donor-supported projects (international) available for project activities under contractual terms and conditions.

All implemented projects are subject of agreements and project documents which are approved by donors.

¹ One of the employees has not certified her degree which was obtained in Germany.

4. AUDIT SCOPE AND METHODOLOGY

The objective of the 2015 financial statement audit is to enable the auditor to express an opinion about whether the financial statements have been prepared, in all material respects, in compliance with the International Accounting Standards and applicable legislation.

The audit objective is to ascertain that:

- The financial statements give a true and fair view of the state of affairs for the fiscal year;
- The funds are used in accordance with the regulations and project agreements, and for purposes intended under such regulations and agreements;
- The internal control system is adequate to ensure the asset safeguarding, objective achievement, compliance with applicable legislation and true and fair Sarajevo Open Centre reporting.

The audit has been planned and performed to provide a reasonable basis for the expression of our opinion on whether the financial statements present a true and fair view of business activities during the fiscal year and the state of affairs at the year-end.

We conducted our audit in accordance with International Auditing Standards.

Our approach was tailored to the specific needs of the Sarajevo Open Center and was 'risk-based'. The size of the tests were based on the auditor's risk analysis. We have planned and performed the audit from the perspective of materiality and risk in order to obtain reasonable assurance that the 2015 financial statements are free from material misstatement.

The audit involved examination on a test basis of appropriate evidence.

This required the following core methodology:

- Planning,
- Collection of audit evidence,
- Draw conclusions and form opinions,
- Reporting to Sarajevo Open Centre.

5. AUDITING PROCEDURES REPORT

We have audited the accompanying financial statements of the Sarajevo Open Centre as of December 31st, 2015. The audit was conducted on-site at the Sarajevo Open Centre premises in Sarajevo, Čekaluša 16, in the presence of authorized Sarajevo Open Centre representatives.

These financial statements are the responsibility of the Sarajevo Open Centre management. Our responsibility is to express an opinion on these financial statements based on our audits.

The audit team consisting of Ismeta Čardaković, B.Sc.Oec, the licensed auditor and auditor assistants applied a sampling approach (FBiH Audit Standards 230, 320, 520 and 530) and a test-based examination of the Sarajevo Open Centre documents, using different sample sizes, conditional on the balance item relevance.

5.1. Basis for Financial Statement Presentation

The Sarajevo Open Centre maintains its financial records and prepares the financial statements in accordance with the International Accounting Standards (IAS), i.e. with the International Financial Reporting Standards (IFRS) and Interpretations issued by the International Accounting Standards Board (IASB), and the regulations listed below:

- BiH Accounting and Auditing Law,
- FBiH Law on Financial Operations,
- BiH Law on Associations and Foundations, and
- Other applicable legislation.

The Sarajevo Open Centre financial statements are based on a historical cost principle.

The preparation of financial statements under IFRS requires the Sarajevo Open Centre to use its judgments, estimates and assumptions affecting policy implementation and the disclosed amount of assets and liabilities, income and expenses in the reporting period.

The financial statements and the accompanying notes are presented in BAM.

Financial reporting is also arranged on a per-project basis for projects implemented during the reporting period. The Sarajevo Open Centre posts the 'project'-related financial transactions using accounting software FIN BOOKING and Excel (Microsoft Office program). The financial reports are basically submitted to donors in the format specified by the donation agreement and within the timeline not necessarily coinciding with the end of the reporting period, but with the end of the project implementation.

Financial records of the 'project' and consolidated accounting are reconciled, with the accompanying documents.

5.2. Revenue Recognition

According to the modified accrual accounting system, revenues are recognized in the accounting period when they become measurable and available (when paid on the Sarajevo Open Centre account), whereas expenses are recognized when the liability is incurred.

The revenue recognition under this method evolves from the accounting and reporting practices applied to budget beneficiaries, associations and foundations. The system reduces the risk of giving an unrealistic view of the Sarajevo Open Centre's financial position.

Under the above provisions recognized revenues include:

1. Budgetary revenue in the year when received;
2. Revenue received under the donation contracts in foreign or local currency, using the revenue/expense matching approach according to IFRS;
3. Own-source revenue in the period in which they are earned and cash received;
4. Deferred revenue is recognized in the period to which it applies, i.e. in the period when the deferred revenue producing events will occur. This means that the advanced revenue is initially recorded as the accrued revenue, and ultimately transferred to the revenue account:
 - Upon the issuance of invoice for services rendered.
 - Using a straight-line method for deferred revenues.

5.3. Expense Recognition

Expenses are recognized on the modified accrual accounting basis when the liability is incurred. This principle requires all the expenses to be recognized and recorded in the financial statements in the accounting period in which they are incurred, i.e. in the period in which the obligation to pay is incurred.

5.4. Tangible Fixed Assets

Tangible fixed assets are the assets that comply with the requirements defined by the Asset Accounting Code and the IAS 16 – Property, Plant and Equipment, and other tangible fixed assets.

Paragraph 2, IAS 16 provides a clarification as to the recognition of tangible fixed assets and states:

Tangible assets are assets that:

- an entity has for use in the production or supply of goods and services, for lease to third parties or for administrative purposes and other purposes, and
- are expected to be in use for more than a year.

Tangible fixed assets are valued at cost which includes the purchase price and any other cost related to the acquisition of tangible fixed assets.

A tangible fixed asset may be recognized in a balance sheet when it is probable that the future economic benefits associated with the asset will flow to the entity, and the cost of the asset can be measured reliably.

Gains and losses on sale or any other disposal of tangible fixed assets are recognized in the profit and loss statement.

The depreciation method applied to tangible fixed assets is that of a constant or straight-line depreciation at proportional rates, in conformity with the rates set in the Asset Depreciation Nomenclature (FBIH Official Gazette 2/95). The amount of depreciation on newly acquired fixed assets is calculated starting with the first day of the following month after the fixed asset has been put into service – paragraph 30, FBIH AS16. The calculation of fixed asset depreciation ends upon the elimination, disposal, sale, etc. of the assets not fully depreciated.

5.5. Inventories

The cost of inventories comprises overall costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Under IAS 2: the inventories of raw materials and materials, spare parts and small inventory are valued at cost, which includes the purchase price, and any other cost related to the acquisition.

Small inventory includes items with a useful life less than one year. Small inventory is written off when put to use, applying a 100% write-off method, and removed from the books at the point of disposal.

5.6. Accounts Receivable

Receivables from customers, government and government institutions, employees and other legal and physical entities are recorded in business books and financial statements based upon a valid document sufficient to prove the event occurrence and its value. The reconciliation of accounts receivable is required in case of receivables past due.

5.7. Cash and Cash Equivalents

Under IAS 7:

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes. For an investment to qualify as a cash equivalent, it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

Under IAS 7, cash comprises:

- cash on hand, on a giro and other bank accounts,
- cash in the foreign currency account
- bank fixed deposits.

Cash on hand and cash held in commercial bank accounts are recognized and stated at their nominal value. Foreign currencies are translated into the local currency at the average exchange rate of the BiH Central Bank, as at the balance sheet date. Foreign exchange gains and losses are recognized in the profit and loss statement.

5.8. Accounts Payable

Current liabilities are reported in business books and financial statements at the business transaction value recorded based upon a valid financial document or a contract.

5.9. Accruals

Short-term accruals comprise:

- accrued expense,
- accrued income
- accrued expenses payable,
- deferred revenue, and
- accrued provisions.

Long-term accruals are recorded based on deferred revenues and include donations received as defined by the FBiH AS 20 – Donated funds.

5.10. Donations

Donations received are recognized in the financial statements as deferred income based on the revenue/expense matching approach. Unconditional donations are recognized in the balance sheet and profit and loss statement only after the donation funds have been deposited to the bank account, or an asset donated in kind received.

5.11. Provisions

Provisions are recognized when there is a present legal or constructive obligation arising from past events and when it is probable that an outflow of resources will be required to settle the obligation, and the amount of obligation can be reliably estimated.

5.12. Taxes

The Sarajevo Open Centre is a not-for-profit organization and as such is exempt from income tax for the reason that it relies on the funding received from other legal entities, i.e. donors supporting the Sarajevo Open Centre project activities. Under the applicable legislation, associations and foundations are relieved of filing and paying income taxes.

6. FINANCIAL REPORTING

The Sarajevo Open Centre prepares its annual financial report. The annual financial report is submitted under the provisions of the BiH Accounting and Auditing Law governing annual reporting for 2015.

The Sarajevo Open Centre submits a set of financial reports to the AFIP Agency relevant unit for processing and verification.

FINANCIAL REPORTS

6.1. Balance Sheet

-Amounts in BAM

1	I T E M	Amount after value adjustment deduction -BAM		Notes
		Previous year 2014	Current year 2015	
Account	2	3	4	
	ASSETS			
	A) FIXED ASSETS	26.115	32.172	1
0	Property, plant and equipment	24.615	30.672	
01	Intangible fixed assets	-	-	
02,03	Long-term deposits and receivables	1.500	1.500	
04	Biological assets	-	-	
05	Investment in property	-	-	
06	Fixed assets for sale	-	-	
08	Long-term accruals	-	-	
	B) CURRENT ASSETS	356.181	623.453	2
10	Cash and cash equivalents	351.488	618.192	2.1.
11,12	Short-term deposits and receivables	4.693	5.261	2.2.
13	Inventories	-	-	
14	VAT refund	-	-	
18	Short-term accruals	-	-	
	TOTAL ASSETS	382.296	655.625	
	LIABILITIES AND CAPITAL			
	A) CAPITAL	2.212	8.038	3
200	Retained revenue	-	-	
201	Reserves	-	-	
202	Retained earnings	2.212	8.038	
203	Retained losses	-	-	
204	Revaluation reserves	-	-	
	B) Long-Term Liabilities	380.084	647.518	4
21	Long-term financial liabilities	-	-	
28	Long-term accruals and provisions	380.084	647.518	
	C) Short-term liabilities	-	69	5
30	Current liabilities	-	69	
31,32	Short-term financial liabilities	-	-	
34	VAT payables	-	-	
38	Short-term accruals and provisions	-	-	
	TOTAL LIABILITIES AND CAPITAL	382.296	655.625	

6.2. Profit and Loss Statement

- Amounts in BAM

1	ITEM	Amount - BAM		Notes
		Previous year 2014	Current year 2015	
Account	2	3	4	
	A. REVENUES			6
410	Membership fees	-	-	
411	Budgetary revenues	-	-	
412	Humanitarian revenues	507.863	878.404	
417	Own-source revenues	-	-	
418	Other revenues	3.735	5.887	
	Total revenues	511.598	884.291	
	B. EXPENDITURES			7
400	Material and energy	9.976	13.156	
401	Services	116.243	419.418	
402	Salaries and other allowances	309.042	266.665	
403	Depreciation	3.413	8.541	
404	Financial expenses	-	3.900	
405	Travel expenses	1.924	13.831	
406	Humanitarian expenses	-	-	
407	Taxes and contributions not based on business performance	2.439	2.789	
408	Other expenses	66.350	150.165	
	Total expenditures	509.387	878.464	
	C. BALANCE			
	Surplus revenues	2.211	5.827	
	Surplus expenditures	-	-	

7. AUDITOR'S NOTES

Note 1: Fixed Assets (BAM 32.172)

Account	FIXED ASSETS	Year 2014	Year 2015
	A) FIXED ASSETS	26.115	32.172
0	Property, plant and equipment	24.615	30.672
01	Intangible fixed assets	-	-
02,03	Long-term deposits and receivables	1.500	1.500
04	Biological assets	-	-
05	Investment in property	-	-
06	Fixed assets for sale	-	-
08	Long-term accruals	-	-

The fixed assets are recorded at their historical cost and adjusted by accumulated depreciation. The accounting records show the value of vehicles and other intangible assets of the Sarajevo Open Centre as shown in the table below:

- Amounts in BAM

Description	Tangible fixed assets							Total
	Vehicles	Office Equipment	Computers Equipment	Foto and video Equipment	Printers and scaners	Other equip.	Books and library	
Nett amount								
As of January 01st 2015	6.500	1.854	9.929	6.573	851	14.288	0	39.995
Increase-Decrease	0	858	8.185	1.915	700	2.939	0	14.597
Written off assets	0	0	0	0	0	0	0	0
Balance as of December 31st 2015	6.500	2.712	18.114	8.488	1.551	17.227	0	54.593
Depreciation								
As of January 01st 2015	2.768	1.269	1.249	511	179	9.404	0	15.380
Changes -/+	0	0	0	0	0	0	0	0
Depreciation	1.300	159	3.738	1.545	375	1.424	0	8.541
Depreciation as of December 31st 2015	4.068	1.428	4.987	2.056	554	10.828	0	23.921
Total as of January 01st 2015	3.732	586	8.679	6.062	672	4.885	0	24.615
Total as of December 31st 2015	2.432	1.284	13.127	6.432	997	6.399	0	30.672

Table – Fixed Assets after Depreciation

Note 1.1. : Procurement of Fixed Assets

- Total increase of assets value in year 2015 was recorded in amount of BAM 14.597, which relates to newly purchased assets.
- Depreciation of fixed assets in 2015 was in amount of BAM 8.541 (as defined in Income statement).

In year 2015 The Sarajevo Open Centre procured office equipment, computers, printers, scanners, audio and foto equipment and other equipment needed for their operations.

Note 1.2.: Long-term deposits and receivables

On the account long-term receivables is amount of BAM 1.500, which represents prepaid lease expense for office space.

Note 2: Current Assets (BAM 623.453)

The Sarajevo Open Centre current assets as at December 31st 2015 comprise of goods and material in stock, receivables and other receivables as shown below:

Account	CURRENT ASSETS	Year 2014	Year 2015
	B) CURRENT ASSETS	356.181	623.453
10	Cash and cash equivalents	351.488	618.192
11,12	Short-term deposits and receivables	4.693	5.261
13	Inventories	-	-
14	VAT refund	-	-
18	Short-term accruals	-	-

Note 2.1: Cash and cash equivalents (BAM 618.192)

The structure of the cash assets of the Sarajevo Open Centre are distributed as follows:

Account	Item	Dec. 31 2014	Dec. 31, 2015
100	Cash on hand	72	382
101	Bank account and current accounts	350.637	617.810
103	Foreign currency bank account	779	0
	TOTAL	351.488	618.192

Account	BANK ACCOUNTS IN BAM	Dec. 31 2014	Dec. 31, 2015
101	Bank Account and Current Accounts - Local currency	350.637,14	617.810,14
	Raiffeisen bank account - main 095	183.728,72	213.542,45
	Raiffeisen bank sub account 483- SOC	2.211,31	8.038,42
	Raiffeisen bank sub account 192- SIDA	2.209,03	38.955,36
	Raiffeisen bank sub account 386- NED	24.379,16	42.792,63
	Raiffeisen bank sub account 580- Norway	98.715,49	151.686,09
	Raiffeisen bank sub account 677- MATRA	39.393,43	43.641,87
	Raiffeisen bank sub account 774- US SD	0,00	119.153,32
103	Bank Account - Foreign Currency		0,00
	Raiffeisen bank account - Foregin	779,10	0,00
	TOTAL ON BANK ACCOUNTS	351.416	617.810
100	PETTY CASH	72	382
	TOTAL CASH AND CASH EQUIVALENTS	351.488	618.192

Sarajevo Open Centre uses the transaction accounts held with one commercial bank (Raiffeisen bank dd) for its business transactions. Person authorized for signing the bank orders on all transaction accounts is Executive Director.

The bank statements as of December 31st 2015 disclose the same balance as that in the general ledger. The funds on the transaction accounts total to BAM 617.810.

The cash- on-hand account as of December 31st 2015 reflects the same balance as the latest cash-on-hand statement. Cash on hand on the balance sheet in BAM totals to BAM 382.

Note 2.2: Short term receivables (BAM 5.261)

As of 31st December 2015 the Sarajevo Open Centre disclosed the amount of BAM 5.261 on the account of short-term receivables.

The balance of this account contains claims for VAT return, for the goods and services paid by US Donors funds.

In year 2015 Sarajevo Open Centre implemented two projects funded by US donors (project codes 2014_6 and 2015_7) where VAT refunding is entitled by provisions of grant agreement.

Account	CURRENT ASSETS	Year 2014	Year 2015
11,12	Short-term deposits and receivables	4.693	5.261
12800	Other short receivables	0	183
12802	Receivables - VAT return USAID 2014_6	2.926	0
12803	Receivables - VAT return US Embassy 2014_13	184	1.680
12804	Receivables - VAT return SEVEN US Embassy 2015_7	0	3.398
	Correction for prepaid liabilities	1.583	0

Note 3: Capital (BAM 8.038)

The Balance Sheet, as of December 31st 2015, reports accumulated earned surplus of earnings from previous years in the amount of BAM 8.038.

Account	ACCOUNT	Year 2014	Year 2015
	A) CAPITAL	2.212	8.038
200	Retained revenue	-	-
201	Reserves	-	-
202	Retained earnings	2.212	8.038
203	Retained losses	-	-
204	Revaluation reserves	-	-

Note 4: Long term Liabilities (BAM 647.518)

Account	ACCOUNT	Year 2014	Year 2015
		BAM	BAM
	B) Long-Term Liabilities	380.084	647.518
21	Long-term financial liabilities	-	-
28	Long-term accruals and provisions	380.084	647.518

As of December 31st 2015 Long-term accruals and provisions are recorded in the amount of BAM 647.518.

This amount relates to funding of project activities that will be implemented in the future. After the implementation of the project activities, (implemented by Sarajevo Open Centre), such eligible amounts are transferred from accruals to income of the period. This is the way to comply with principle of matching revenues and expenses during the reporting period.

Note 5: Short term Liabilities (BAM 69)

Account	ACCOUNT	Year 2014	Year 2015
	C) Short-term liabilities	-	69
30	Current liabilities	-	69
31,32	Short-term financial liabilities	-	-
34	VAT payables	-	-
38	Short-term accruals and provisions	-	-

Account 30 - Current liabilities are related to unpaid costs for solidarity fund.

Note 6: Revenues (BAM 884.291)

Revenues are received under the donations for project activities funded by local and international donors. Such incomes are aimed for funding and supporting planned project activities, as designated and approved by the donor's contracts and budgets. Sarajevo Open Centre total revenues for 2015 are disclosed in amount BAM 884.291 (as presented in Income statement for 2015).

In 2015 Sarajevo Open Centre (SOC) implemented many projects funded by different donors. Each donor is setting individual reporting requirements in grant agreements and SOC is obligated to obey such requirements. SOC staff maintains project accounting. Project financial reports are prepared per each project in the periods as defined by Grant Agreements signed with donors. Simultaneously, all transactions are recorded into general ledger maintained by external accounting agency. The project books are in compliance with general ledger and financial statements prepared by external accounting agency.

Detailed list of revenues (incomes) per projects implemented in 2015 by Sarajevo Open Centre is given in the table below:

REVENUES PER PROJECTS 2015					
NO.	Project	Project ID	Donor	Project period	Amount in 2015
1	SOC Core 2014	2014_0	SOC	01.01.2014 - 31.12.2014	8.541
2	Strengthening the Engagement of NGOs in Monitoring Reforms	2014_11	National Endowment for Democracy (NED)	01.05.2014 - 30.05.2015	33.351
3	General Elections 2014: Political Parties and the Rights of Lesbian, Gay, Bisexual and Transgender Persons in Bosnia and Herzegovina	2014_13	US Embassy Sarajevo (State Department)	01.07.2014 - 31.12.2015	20.220
4	Fighting Hate Crimes in Bosnia and Herzegovina	2014_14	Dutch Mission to the OSCE in Vienna	01.10.2014 - 30.09.2016	82.899
5	Step Up!	2014_17	Norwegian Embassy Sarajevo	01.08.2014 - 30.11.2015	92.366
6	Strengthening BiH Women's Network to Enhance Women's Rights	2014_18	Norwegian Embassy Sarajevo	01.08.2014 - 31.07.2015	12.320
7	Fighting Hate Crimes on the Grounds of Sexual Orientation and Gender Identity in BiH	2014_19	ILGA Europe	15.08.2014 - 15.06.2015	10.342

8	Coming out! Building up and Strengthening LGBT Activism Capacities in BiH	2014_2	Open Society Fund BiH (OSFBIH)	12.01.2013 - 30.11.2014	7.437
9	Mainstreaming LGBT Rights in BiH Media	2014_20	Dutch Embassy Sarajevo/MATRA Programme	01.10.2014 - 30.09.2016	68.417
10	Advocating LGBT rights in Bosnia and Herzegovina: Core funding for Sarajevo Open Centre	2014_21	Open Society Fund BiH (OSFBIH)	01.12.2014 - 31.03.2016	88.132
11	Advancing the Human Rights of LGBT people Within BiH Society and Legal Framework	2014_22	Astraea Lesbian Foundation for Justice	01.07.2014 - 30.06.2016	4.428
12	Advancing the Human Rights of LGBT people Within BiH Society and Legal Framework	2014_23	USAID Mission in BiH	01.07.2014 - 31.12.2015	37.786
13	Enhancing Lesbian, Gay, Bisexual and Trans Rights in BiH in Line With EU Standards	2014_3	European Union/EIDHR	01.01.2014 - 30.06.2015	95.508
14	Print of Promotional Material	2014_4	Schüler Helfen Leben, BiH Office	01.01.2014 - 31.03.2014	1
15	Strengthening LGBT Activism in BiH	2014_8	Civil Rights Defenders	01.01.2014 - 31.12.2014	2.201
16	Women's Fund BiH	2014_9	Mama cash	01.03.2014 - 31.12.2015	11.073
17	Sarajevo Open Centre General Budget	2015_0	SOC	01.01.2015 - 31.12.2015	7.088
18	Core Support to Sarajevo Open Centre 2015-2017	2015_1	Swedish International Development Cooperation Agency (SIDA)	01.01.2015 - 31.12.2015	166.652
19	Strengthening Civil Society's Role in European Integration Processes 2015	2015_2	Heinrich Boell Stiftung, Sarajevo Office	01.03.2015 - 31.12.2015	17.781
20	New BiH Trialog	2015_3	GONG Zagreb (MFA Croatia)	01.01.2015 - 31.12.2015	5.256
21	20 Years of Dayton Peace Agreement – 20 Years of Women in BiH Politics	2015_4	Swiss Embassy Sarajevo	01.03.2015 - 31.12.2015	14.510
22	Strengthening the Engagement of NGOs in Monitoring Reforms-Phase II	2015_5	National Endowment for Democracy (NED)	01.06.2015 - 31.05.2016	26.357
23	Advocating LGBT and Women's Rights - Support for Sarajevo Open Centre's Programmes	2015_6	Norwegian Embassy Sarajevo	01.01.2016 - 31.12.2016	450
24	Seven: Raising Awareness on Violence Against Women and Promoting the Istanbul-Convention in BiH	2015_7	US Embassy Sarajevo (State Department)	24.06.2015 - 24.12.2016	40.030
25	Utilizing European Union Integration Processes for the Advancement of LGBT Rights in the Western Balkans	2015_8	State Department (US SD)	01.10.2015 - 31.12.2017	25.260
	Own-source revenues				
26	Sarajevo Open Centre's Solidarity Fund	2014_16	SOC		5.887
	TOTAL				884.291

All revenues per projects are fully reconciled with revenues as disclosed in Income statement for 2015.

Note 7. Expenditures (BAM 878.464)

Total expenditures in accounting records for the period January 1- December 31st 2015 are disclosed in amount of BAM 878.464 (as presented in Income statement for 2015).

Detailed list of Expenditures per Projects implemented in 2015 is given in the table below:

EXPENDITURES PER PROJECTS 2015					
NO.	Project	Project ID	Donor	Project period	Amount in 2015
1	SOC Core 2014	2014_0	SOC	01.01.2014 - 31.12.2014	0
2	Strengthening the Engagement of NGOs in Monitoring Reforms	2014_11	National Endowment for Democracy (NED)	01.05.2014 - 30.05.2015	33.351
3	General Elections 2014: Political Parties and the Rights of Lesbian, Gay, Bisexual and Transgender Persons in Bosnia and Herzegovina	2014_13	US Embassy Sarajevo (State Department)	01.07.2014 - 31.12.2015	20.220
4	Fighting Hate Crimes in Bosnia and Herzegovina	2014_14	Dutch Mission to the OSCE in Vienna	01.10.2014 - 30.09.2016	82.899
5	Step Up!	2014_17	Norwegian Embassy Sarajevo	01.08.2014 - 30.11.2015	92.366
6	Strengthening BiH Women's Network to Enhance Women's Rights	2014_18	Norwegian Embassy Sarajevo	01.08.2014 - 31.07.2015	12.320
7	Fighting Hate Crimes on the Grounds of Sexual Orientation and Gender Identity in BiH	2014_19	ILGA Europe	15.08.2014 - 15.06.2015	10.342
8	Coming out! Building up and Strengthening LGBT Activism Capacities in BiH	2014_2	Open Society Fund BiH (OSFBIH)	12.01.2013 - 30.11.2014	7.437
9	Mainstreaming LGBT Rights in BiH Media	2014_20	Dutch Embassy Sarajevo/MATRA Programme	01.10.2014 - 30.09.2016	68.417
10	Advocating LGBT rights in Bosnia and Herzegovina: Core funding for Sarajevo Open Centre	2014_21	Open Society Fund BiH (OSFBIH)	01.12.2014 - 31.03.2016	88.132
11	Advancing the Human Rights of LGBT people Within BiH Society and Legal Framework	2014_22	Astraea Lesbian Foundation for Justice	01.07.2014 - 30.06.2016	4.428
12	Advancing the Human Rights of LGBT people Within BiH Society and Legal Framework	2014_23	USAID Mission in BiH	01.07.2014 - 31.12.2015	37.786
13	Enhancing Lesbian, Gay, Bisexual and Trans Rights in BiH in Line With EU Standards	2014_3	European Union/EIDHR	01.01.2014 - 30.06.2015	95.508
14	Print of Promotional Material	2014_4	Schüler Helfen Leben, BiH Office	01.01.2014 - 31.03.2014	1
15	Strengthening LGBT Activism in BiH	2014_8	Civil Rights Defenders	01.01.2014 - 31.12.2014	2.201
16	Women's Fund BiH	2014_9	Mama cash	01.03.2014 - 31.12.2015	11.073

17	Sarajevo Open Centre General Budget	2015_0	SOC	01.01.2015 - 31.12.2015	7.088
18	Core Support to Sarajevo Open Centre 2015-2017	2015_1	Swedish International Development Cooperation Agency (SIDA)	01.01.2015 - 31.12.2015	166.652
19	Strengthening Civil Society's Role in European Integration Processes 2015	2015_2	Heinrich Boell Stiftung, Sarajevo Office	01.03.2015 - 31.12.2015	17.781
20	New BiH Trialog	2015_3	GONG Zagreb (MFA Croatia)	01.01.2015 - 31.12.2015	5.256
21	20 Years of Dayton Peace Agreement – 20 Years of Women in BiH Politics	2015_4	Swiss Embassy Sarajevo	01.03.2015 - 31.12.2015	14.510
22	Strengthening the Engagement of NGOs in Monitoring Reforms-Phase II	2015_5	National Endowment for Democracy (NED)	01.06.2015 - 31.05.2016	26.357
23	Advocating LGBT and Women's Rights - Support for Sarajevo Open Centre's Programmes	2015_6	Norwegian Embassy Sarajevo	01.01.2016 - 31.12.2016	450
24	Seven: Raising Awareness on Violence Against Women and Promoting the Istanbul-Convention in BiH	2015_7	US Embassy Sarajevo (State Department)	24.06.2015 - 24.12.2016	40.030
25	Utilizing European Union Integration Processes for the Advancement of LGBT Rights in the Western Balkans	2015_8	State Department (US SD)	01.10.2015 - 31.12.2017	25.260
A	TOTAL				869.863
	Own-source expenditures				
26	Sarajevo Open Centre's Solidarity Fund	2014_16	SOC	01.01.2014 - 31.12.2016	60
B	TOTAL				60
C	Depreciation 2015				8.541
A+B+C	TOTAL				878.464

All expenditures per projects are fully reconciled with expenditures as disclosed in Income statement for 2015.

It was found that:

- The salary and remunerations for staff include eligible costs only and salaries and remunerations have been paid in accordance with local rules and legislation, and in accordance with projects budgets. These costs are debited to the projects and recorded throughout the 2015 year in a systemized way. Salary costs are supported by adequate and sufficient documentation.
- All social contributions and taxes for local staff salaries and external experts are correctly calculated and paid in accordance with local rules and legislations.
- Other expenditures recorded throughout the 2015 year is supported by adequate accounting documentation.
- Declared expenditures are adequate, related to the Project activities and incurred in the fiscal period.
- Procurements are performed in compliance with internal procurement policies and donors requirements.

- The payment procedures are in accordance with financial rules and procedures. Each payment is approved and signed by two signatures. Payment voucher contains all needed information about the nature of the cost, project and the payment instruction.
- Overall conclusion can be defined as follows: The funds are used in accordance with the regulations and Donors agreements, and for purposes as defined in each project document.

Note 8.: Surplus revenues (BAM 5.827)

Adhering by the Accounting Principles Code and the FBiH Accounting Standards, the Sarajevo Open Centre completed:

- Calculation of the financial performance over a given accounting period by matching reported incomes with total expenditures for a given accounting period.
- At the end of the fiscal year 2015, the Sarajevo Open Centre reported excess revenues over expenses of BAM 5.827.
- Surpluse of revenues is the result of solidarity fund established in the Sarajevo Open Centre. Solidarity Fund is presented under project code 2014_16, and is accumulated from voluntary private donations (contributions of Sarajevo Open Center staff and external experts).

8. INTERNAL CONTROL SYSTEM

In an audit of non-governmental organizations, the auditor's responsibility is to consider overall legal and regulatory framework, including any other applicable regulation, ordinance, decision and decree defining and governing operating aspects of a donation beneficiary. To that effect, the audit procedures related to the review of the Sarajevo Open Centre internal control system have been planned and performed.

The objective of the procedures performed is to proficiently assess accuracy and reliability of financial data used to produce financial statements, and test their compliance with applicable laws and regulations. Methods used for performing audit procedures aimed at assessing the Sarajevo Open Centre performance efficiency (quality, resources use efficiency), reliability of financial reporting and compliance of procedures applied with applicable laws and regulations.

Ensuring that adequate organizational structure and sufficient internal policies and procedures provides a basis for establishing a control environment.

Performed Audit procedures revealed that:

Sarajevo Open Centre presented to Auditor the Statute. This is mandatory document, which has to be prepared before each NGO or Association is registered. In addition Auditor was presented following policies and procedures:

- Accounting Rulebook,
- Rulebook on accounting policies,
- Rulebook on internal organization and organization chart,
- Rulebook on working conditions, organization, and salary scale,
- Rulebook on financial management,
- Rulebook on procurement procedures.
- Rulebook on petty cash operations

Policies and procedures as stated above are developed in compliance with the defined guidelines for establishing and strengthening internal control system aimed at ensuring control procedures for proper managing of donor funds.

Procedures related to staff evaluation are developed and adopted. This year Sarajevo Open Center performed staff evaluation. This process provided benefits for employees, who obtained instructions on areas in which their individual performance can be improved. Furthermore, Sarajevo Open Center's management Board performed evaluation of Executive Director as well. The results of evaluation took place at the beginning of 2016.

The internal control system is adequate to ensure the asset safeguarding, objective achievement, compliance with applicable legislation and true and fair Sarajevo Open Centre reporting.

Audit procedures detected on technical error when it comes to service contracts. Namely, service contracts with service providers were not signed before the engagement commenced, but in most cases either by the very end or even after contracted period of the provided services. According to management statement this was the custom, knowing that the activities were performed under high time pressure and the assignments were agreed with well-known service providers who had extensive history in working with Sarajevo Open Center. Still it was agreed to change this practice in future work.

Recommendation:

Auditor recommend Sarajevo Open Center to sign each service Agreement before the assignment starts. It is also recommended to introduce confirmation in writing that the service is successfully performed and in accordance with contract and/or ToR.

9. COMPLIANCE BETWEEN SYSTEMS OF ACCRUAL AND PROJECT ACCOUNTING

Sarajevo Open Centre has developed financial reporting system in accordance with local rules and regulations and as well with the international accounting standards (IAS). This function is outsourced and performed by accounting agency FIN solutions. The Agency is using tailor made accounting software adjusted to the needs of NGO reporting requirements.

Agency is preparing consolidated financial reports for the organization as legal entity.

Project accounting and reporting are organized in a way that financial reports are prepared for each donor as required by grant contract.

Sarajevo Open Centre reconciles consolidated reports with projects financial statements. The consolidated financial reports differ from project reports due to the fact that consolidated reports are prepared on accrual basis of accounting, whereas project reports are prepared on cash accounting basis. The cash accounting does not record liabilities and all investments are recorded as costs.

Financial statements based on accrual accounting are different from the financial reports per projects for the amount of accruals as well as for the amount of fixed assets. Purchasing equipment and other assets are recorded in accrual accounting as investment in fixed assets, but in the project accounting asset procurement is the outflow of cash, ie cost. Depreciation of fixed assets is an ordinary expense in accrual accounting that in the project accounting does not appear. Due to the fact that fixed assets are mainly purchased by donor's funds, the amount of depreciation of the financial period are recorded as revenue in assets/equipment. Certainly this is one of the usual discrepancies between these two systems of accounting.

In the project accounting, all transactions are recorded as an expense, regardless of whether if they are the investment in fixed assets.

At the end of the fiscal year 2015 Sarajevo Open Centre performed reconciliation of total revenues and expenditures between consolidated accounting and project records. As shown in notes no. 6 and 7 revenues and expenditures are fully reconciled.

10. ACKNOWLEDGEMENT

The audit team would like to express its appreciation to the Sarajevo Open Centre management and staff for the kindness and cooperation extended during this assignment. Without their assistance and cooperation this work would not have been successfully completed.

Sarajevo, April 18th 2016

Audit and Consulting Company
"NGO and Business Audit"d.o.o. Sarajevo

Licensed Auditor



Ismeta Čardaković, B.Sc. Oec



Director



Šejla Jakupović, B.Sc. Oec

Annex 1**Management letter to the Sarajevo Open Centre****Sarajevo Open Centre**

Čekaluša 16

71 000 Sarajevo

Bosna I Hercegovina

Ref. no. IP-22/2016**Attn. Saša Gavrić****Management letter for the audit of the annual financial reports for year 2015****1. Executive Summary****1.1. Introduction and objectives of the audit**

We have audited the accompanying financial statements of the Sarajevo Open Centre as of December 31st, 2015.

These financial statements are the responsibility of the Sarajevo Open Centre management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with International Auditing Standards.

1.2. Scope of the audit and audit approach

The objective of the 2015 financial statement audit is to enable the auditor to express an opinion about whether the financial statements have been prepared, in all material respects, in compliance with the International Accounting Standards and applicable legislation.

Our approach was tailored to the specific needs of the Sarajevo Open Center and was 'risk-based'. The size of the tests were based on the auditor's risk analysis. We have planned and performed the audit from the perspective of materiality and risk in order to obtain reasonable assurance that the 2015 financial statements are free from material misstatement.

The audit involved examination on a test basis of appropriate evidence.

This required the following core methodology:

- Planning,
- Collection of audit evidence,
- Draw conclusions and form opinions,
- Reporting to Sarajevo Open Centre.

1.3. Summary of our findings**1.3.1. Service Contracts**

Audit procedures detected technical error when it comes to service contracts. Namely, service contracts with service providers were not signed before the engagement commenced, but in most cases either by the very end or even after contracted period of the provided services. According to management statement this was the custom, knowing that the activities were performed under high time pressure and the assignments were agreed with well-known service providers who had extensive history in working with Sarajevo Open Center. Still it was agreed to change this practice in future work.

Recommendation:

Auditor recommend Sarajevo Open Center to sign each service Agreement before the assignment starts. It is also recommended to introduce confirmation in writing that the service is successfully performed and in accordance with contract and/or ToR.

1.4. Final Conclusion

As a result of this assignment Auditor **does not have any important observations or factual findings to financial statements that could affect on its materiality.**

There is reasonable assurance that the above financial statements give a true and fair view, in all material respects, of the financial position of the Sarajevo Open Centre as of December 31, 2015, and of its financial performance, and is in accordance with the generally accepted accounting standards.

Sarajevo, April 18th 2016.



Ismeta Čardaković, Licensed Auditor
NGO and Business Audit d.o.o. Sarajevo



Annex 2: Copies of Company and auditor certification



BOSNA I HERCEGOVINA
FEDERACIJA BOSNE I HERCEGOVINE
FEDERALNO MINISTARSTVO FINANSIJA
FEDERALNO MINISTARSTVO FINANCIA

BOSNIA AND HERZEGOVINA
FEDERATION OF BOSNIA AND HERZEGOVINA
FEDERAL MINISTRY OF FINANCE

Na osnovu člana 55. Zakona o računovodstvu i reviziji u Federaciji Bosne i Hercegovine („Službene novine Federacije BiH“ broj: 83/09) i u skladu sa odredbama čl. 3. i 4. Pravilnika o načinu i uslovima izdavanja, obnavljanja i oduzimanja licenci ovlaštenim revizorima i društvima za reviziju („Službene novine Federacije BiH“ br: 12/10 i 42/10), Federalno ministarstvo finansija-Federalno ministarstvo financija

izdaje

LICENCI

DOKUMENT ZA REVIZIJU

NGO & BUSSINESS Audit d.o.o. Sarajevo

NA OSNOVU KOJE OSTVARUJE PRAVA I PREUZIMA OBAVEZE
DA OBAVLJA DJELATNOST ZA KOJU JE REGISTROVANO

Imenovano društvo je upisano u Registar revizorskih društava pod registarskim brojem: 9090409104

Sarajevo, 17.9.2010. godine



MINISTAR
[Signature]
Vjekoslav Bevanda

