



AUDIT OF FINANCIAL STATEMENTS

« SARAJEVO OPEN CENTRE »

***FOR YEAR ENDED ON
31st OF DECEMBER 2017***

Sarajevo, April 2018

Contents

		Page
1	AUTHORIZED AUDITOR'S OPINION	1
2	REPORT FOR MENAGEMENT'S RESPONSIBILITIES	3
3	FINANCIAL REPORTS	4
4	FORM OF ORGANIZATION AND ACTIVITIES	6
5	BASE FOR REPRESENTING OF FINANCIAL REPORTS	8
6	AUDIT SCOPE AND METHODOLOGY	9
7	SHORT REPORT ABOUT BASIC ACCOUNTING POLICIES	9
8	AUDITOR'S NOTES	13
	Note 1: Incomes	13
	Note 2: Expenditures	16
	Note 3: Fixed assets	21
	Note 4: Current assets	23
	Note 5: Permanent sources	24
	Note 6: Liabilities	24
9	INTERNAL CONTROL SYSTEM	25
10	COMPLIANCE BETWEEN SYSTEMS OF ACCRUAL AND PROJECT ACCOUNTING	26
	Annex 1: Management letter to the Sarajevo Open Centre	27
	Annex 2: Copies of Company and auditor certification	30

AUTHORIZED AUDITOR'S OPINION

*We accomplished revision of Annual Financial Reports of the «SARAJEVO OPEN CENTRE» Sarajevo (hereinafter: **SOC**) on 31st of December 2017.*

Managements' responsibility for Financial reports

Responsibility for Financial Reports takes Management of the «Sarajevo Open Centre» based by fair presentation of these financial statements in accordance to the Law about Accounting and Auditing of the Federation of Bosnia and Herzegovina (Official Gazette of the Federation of Bosnia and Herzegovina No. 83/09). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misrepresentation, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the given circumstances.

Auditor's Responsibility

The auditor's responsibility is to provide an expert opinion on the financial statements based on the audit. The auditor conducted the audit in accordance with International Standards on Auditing. Those standards require that the auditor complies with ethical requirements and that the auditor plans and performs the audit to ensure that the financial statements do not contain any misstatements. An audit involves specific performing procedures to obtain audit evidence about the amounts and disclosures within the financial statements.

The selected procedures depend upon the auditor's judgment and includes the assessment of possible material misstatements of the financial statements, whether due to fraud or due to error.

By conducting this risk assessment, the auditor considers internal control as relevant for the entity's 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 the entity's internal control. An audit also includes the evaluation of the appropriateness of accounting policies used, analyses whether the accounting estimates made by the management were reasonable and evaluates the overall presentation of the financial statements. The auditor believes that the audit evidence obtained is sufficient and appropriate in order to serve as basis for the audit opinion.

Our opinion

1. Our opinion about presented Financial Reports is objective and real Financial state of the «**Sarajevo Open Center**» in all material items on **31st of December 2017** and they are accorded with international Standards for Financial Reporting and with Law about bookkeeping and auditing in FBiH.

Bilans d.o.o.

Lejla Avdić - Vajzović



Authorized Auditor
Licensee No. 3090017108

Sarajevo, April 25, 2018

Bilans d.o.o.

Lejla Čaušević



Director

REPORT FOR MENAGEMENT'S RESPONSIBILITIES

Management is obliged to assure that financial statements for every financial year are prepared in accordance with the Accounting Standards of Federation of Bosnia and Herzegovina, which are compiled with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, so these statements present true and fair picture of financial statement and operating result for the period.

Management responsibility for preparing of the financial statements includes the following guarantees:

- That the appropriate accounting policies are chosen and applied;
- That the judgments and estimates are reasonable;
- That the valid Accounting Standards are applied, and each materially significant deviation is stated and explained in financial statements and
- That the financial statements are prepared based on the business continuation principal, except if it is inappropriate that the SOC will continue its operating activities in the foreseeable future.

The Management's obligation is to assure keeping of appropriate accounting records which will in every moment, with acceptable level of correctness, state the financial position of the SOC. The Management is also responsible to assure protection of assets of the SOC and for taking security measures in order to prevent and detect fraud and other illegal acts.

Director:

Emina Bošnjak

«Sarajevo Open Centre»



71 000 Sarajevo
Bosna i Hercegovina

April 25, 2018

FINANCIAL REPORTS

**INCOME STATEMENT
FOR YEAR
WITH ENDING ON 31st OF DECEMBER 2017**

(IN KM)

DESCRIPTION	Note	31.12.2017.	31.12.2016.
A. INCOME			
Income from the budget	1	-	-
Humanitarian income	1	941.957	927.608
Income from the organization's own activity	1	-	-
Other income	1	9.816	10.609
Total income		951.773	938.217
B. EXPENDITURES			
Materials and electricity	2	10.161	9.316
Services	2	428.197	388.180
Salaries and other employees benefits	2	339.794	330.024
Depreciation	2	12.976	10.674
Financial expenditures	2	8.219	4.868
Travel expenses	2	4.527	5.147
Humanitarian expenses	2	100	500
Taxes and contributions that do not depend on the performance	2	3.126	2.696
Other expenditures	2	135.016	176.867
Total expenditures		942.116	928.272
C. RESULT			
Income surplus		9.657	9.945
Expenditures surplus		-	-

Notes on pages from 13 to 24 are also parts of these Financial reports.



Director

Emine Bošnjak
Emina Bošnjak

**BALANCE SHEET
FOR YEAR
WITH ENDING ON 31st OF DECEMBER 2017**

(IN KM)

DESCRIPTION	Note	31.12.2017.	31.12.2016.
A S S E T S			
A. FIXED ASSETS		28.434	27.148
Real estate, machinery and equipment	3	26.934	25.648
Fixed Intangible assets	3	-	-
Long-term receivables	3	1.500	1.500
Founding capital	3	-	-
C. CURRENT ASSETS		222.958	206.292
Cash and cash equivalent	4	218.155	206.292
Short-term investments and receivables	4	-	-
Short-term accruals	4	4.803	-
TOTAL ASSETS		251.392	233.440

DESCRIPTION	Note	31.12.2017.	31.12.2016.
L I A B I L I T I E S			
A. PERMANENT SOURCES		27.640	17.983
Permanent sources	5	-	-
Unallocated income excess	5	27.640	17.983
B. LONG-TERM LIABILITIES		218.949	215.457
Long-term accruals and reserving	6	218.949	215.457
C. SHORT-TERM LIABILITIES		4.803	-
Current liabilities	6	4.803	-
Short-term accruals and reserving	6	-	-
TOTAL LIABILITIES		251.392	233.440

Notes on pages from 13 to 24 are also parts of these Financial reports.



Director

Emina Bošnjak
Emina Bošnjak

1. FORM OF ORGANIZATION AND ACTIVITIES

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/>).

1.1. SOC Basic Information

- Name: Sarajevo Open Centre (SOC)
- Main Office: Bosnia and Herzegovina, Sarajevo, Čekaluša No. 16
- Field Offices: 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. UP08-07-1-98/07 dated August 16th 2016
- SOC Executive Director: Emina Bošnjak

1.2. 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 five 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 that complies 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.

1.3. 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
- Rules on Management of fixed assets

1.4. 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 qualification staff structure is shown in the table below:

No.	Description	No. of employees as of December 31 st 2017
1	University degree and Master degree	2
2	University degree, Bachelor's ¹	5
3	University degree	1
4	High School Degree	1
5	High Secondary School	3
	Total as of December 31 st 2017	12

1.5. 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.

2. BASE FOR REPRESENTING OF FINANCIAL REPORTS

Caritas of Bosnia and Herzegovina is registering Accounting evidence in accordance to Law on accounting, Accounting principles codex and International Accounting Standards, issued by the International Accounting Standards Board. Financial Reports were prepared on the basis of historical expenses, in accordance with International Accounting Standards, issued by the International Accounting Standards Board.

Official currency is Convertible Mark (KM).
Financial Reports are presented in KM.

Valid exchange rate of KM on 31st of December 2017 was 1,95583 KM for 1 Euro.

¹ Higher school is considered as Bachelor degree

3. AUDIT SCOPE AND METHODOLOGY

The objective of the 2017 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 was 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 2017 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

4. SHORT REPORT ABOUT BASIC ACCOUNTING POLICIES

GENERAL ACCESS

Financial Reports of the Sarajevo Open Centre are accorded with International Accounting Standards. Where ever there was a need, adjustments were executed to be in order with mentioned Accounting Standards. Basic Accounting policies, used in preparing of these Financial Reports, are explained in next statements:

a) Risk

The concentration of risk, which may have a significant impact on the SOC financial expenditure reports, is the following:

- Direct and indirect dependence on economic and legal condition in immediate and wider region.
- Substantial dependence on donors.

b) Basis for developing the financial reports

Financial expenditure report is developed in conformity with the international accounting standards and based on the bookkeeping evidence of the financial and materials operations. Reporting period is from January 01st 2017 to December 31st 2017.

Considering the low inflation rate, revalorization of assets, liabilities and capital was not conducted in the period covered the by the Audit. Financial reports are expressed in KM.

c) 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.

d) 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.

e) Receivables

Receivables represent a part of a financial assets that may have a fixed term of payment. They are classified as short-term and long-term receivables according to the due date. They are initially recognized at fair value.

f) Liabilities

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.

g) Foreign currency

On the day of conducting a transaction, as well as on the day of balancing, assets and liabilities displayed in foreign currencies are calculated in convertible marks at the mid exchange rate, which on the day of a transaction and on the day of financial statements was determined by the Central Bank of Bosnia and Herzegovina. Assets and liabilities are expressed in KM.

h) Financial investments

Investments can be financial and material, and separated on short-term investments which are made for the period of up to 12 months and long-term investments for the periods over 12 months.

Investments classified as long-term investments represent investment in fixed assets and are expressed in a report upon the cost of investment decreased by the value of reconciliation.

Investments classified as short-term investments, that is, current investment, are expressed in a report upon the expense of investment. If the cost of current investment is higher than the market value of an investment, such investment is expressed by the market value.

Bookkeeping value of an investment is determined for each individual investment.

i) Cash and cash equivalents

Cash entails cash register, a vista deposits and short-term deposits with banks. The Audit did not determine existence of earmarked term deposits on account with the business banks.

SOC owns only transactional account for conducting payments in the country with the following bank:

- Raiffeisen Bank

For payment with foreign countries, the foreign currency accounts with the following bank were used:

- Raiffeisen Bank

j) Reserving

Reserving represent future expenses or future losses for which the Association has an obligation or which will most likely occur.

Donor assets received as a donation in money should be expressed under reserves, in they are earmarked for the future period. This refers to differed income, that is, to assets which are transferred to the future period or assets which are divided in a certain time period with other organizations-participations in realization of certain income.

Fixed assets received as a donation in equipment should be expressed under reserves decreased by the depreciation amount.

k) 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.

l) Permanent sources

SOC is a nonprofit organization, whose goal is not to realize the profit or increase the equity, but to conduct socially useful activities. Permanent sources during the year can be increased in the following two manners:

- earmarked donations in a form of fixed assets,
- entering positive balance into sources (surplus of income over expenses).

Decrease in permanent sources can be the result of:

- covering negative balance against the source (surplus of expenditures over income),
- transferring property and sources to other nonprofit organization.

m) Budget

The contract between the donor and SOC does condition the expenditures budget lines. Expenditures budget lines for almost all project expenditures, by all donors were tracked through the system, which enabled reporting back to the donors.

n) 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 relived of filing and paying income taxes.

o) Location of original documentation

All documentation is located at the office in Sarajevo.

5. AUDITOR'S NOTES

Note 1. INCOMES

Sarajevo Open Center as a nonprofit organization is realizing its income based on donations, interest income and other income.

(IN KM)		
DESCRIPTION	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
Humanitarian income	941.957	927.608
Interest income	42	-
Income – Solidarity Fund	9.774	10.609
TOTAL	951.773	938.217

Humanitarian income 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.

In the Income Statement, humanitarian income were formed based on the principle of dealing with budgeted and approved expenditures, by contract with donors, and covering the cost of annual depreciation of fixed assets in the amount of **941.957 KM**.

In 2017 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 2017
by Sarajevo Open Centre is given in the table below:**

REVENUES PER PROJECTS 2017					
No.	Project	Project ID	Donor	Project period	Amount in 2017
1.	Advocating LGBT and Women;s Rights	2015_6	Norwegian Embassy Sarajevo	01.01.2016 - 31.03.2017	12.517
2.	Advocating LGBT rights in Bosnia and Herzegovina: Core funding for Sarajevo Open Centre	2015_9	Open Society Fund BiH (OSFBIH)	01.12.2015 - 31.03.2017	44.886
3.	Advancing the Human Rights of LGBT people Within BiH Society and Legal Framework	2016_3	Astraea Lesbian Foundation for Justice	01.10.2016 - 30.09.2017	39.634
4.	Public policy for equality of LGBTI people in Bosnia and Herzegovina	2016_4	Dutch Embassy Sarajevo/MATRA Programme	01.12.2016 - 30.11.2018	71.136
5.	Institutional Netwok of Support for LGBTI People and Person in Kanton Sarajevo	2016_5	Institute for Youth Development KULT	01.01.2017- 31.12.2017	60.000
6.	New Executives Fund - Round 9	2017_6	Foundation Open Society Institute (FOSI)	15.07.2017- 15.07.2019	164
7.	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	107.328
8.	Advocating LGBT rights in Bosnia and Herzegovina: Core funding for Sarajevo Open Centre	2017_2	Open Society Fund BiH (OSFBIH)	01.02.2017 - 31.05.2018	79.201
9.	Core funding for Sarajevo Open Centre 2015-2017	2017_1	Swedish Internat. Development Cooeration Agency (SIDA)	01.01.2017 – 31.12.2017	424.187
10.	Strengthening NGO Engagement in Monitoring Reforms	2017_3	National Endowment for Democracy (NED)	01.02.2017- 31.01.2018	60.965
11.	Advocating Compliance with Human Rights Law	2017_4	Heinrich Boell Stiftung, Sarajevo Office	01.04.2017- 31.10.2017	10.518
12.	Combating discrimination and crimes against LGBTI people	2017_5	Heinrich Boell Stiftung, Sarajevo Office	01.04.2017- 31.10.2017	11.730
13.	Improving implementacion of Hate Crime Regulacion in BiH projekt	2017_7	Dutch Mission to the OSCE in VIENA	06.07.2017- 01.09.2019	293
14.	Reducing bulying in BiH	2017_9	German Embassy in Sarajevo	17.11.2017- 16.11.2019	539
15.	Fixed assets	2014_00		01.01.2017- 31.12.2017	12.976
16.	Sarajevo Open Centre General Budget	2015_0	SOC	01.01.2017 - 31.12.2017	5.883
	TOTAL				941.957

All revenues per projects are fully reconciled with revenues as disclosed in Income statement for 2017.

1.1. Deferred revenue

Total deferred revenue in the amount of **192.015 KM** accorded to unspent assets by projects:

Project	Donor	Project ID	Deferred revenue
Mainstreaming LGBT Rights in BiH Media	Dutch Embassy Sarajevo/MATRA Programme	2014_20	-
Enhancing Lesbian, Gay, Bisexual and Trans Rights in BiH in Line With EU Standards	European Union/EIDHR	2014_3	-
Sarajevo Open Centre General Budget	SOC	2015_0	833
Advocating LGBT and Women's Rights - Support for Sarajevo Open Centre's Programmes	Norwegian Embassy Sarajevo	2015_6	-
Utilizing European Union Integration Processes for the Advancement of LGBT Rights in the Western Balkans	State Department (US SD)	2015_8	-
Advocating LGBT rights in Bosnia and Herzegovina: Core funding for Sarajevo Open Centre	Open Society Fund BiH (OSFBIH)	2015_9	-
SIDA Core funding 2016	Swedish International Development Co-operation Agency (SIDA)	2016_1	-
Strengthening Civil Society's Role in European Integration Processes 2016	Heinrich Boell Stiftung, Sarajevo Office	2016_2	-
Advancing the Human Rights of LGBT persons within BH Society and Legal Framework	Astraea Lesbian Foundation for Justice	2016_3	-
Public policy for equality of LGBTI people in Bosnia and Herzegovina	Dutch Embassy Sarajevo/MATRA Programme	2016_4	8.111
Institutional Network of Support for LGBTI People and Person in Kanton Sarajevo	Institute for Youth Development KULT	2016_5	-
Core Funding 2017 SIDA	Swedish International Development Co-operation Agency (SIDA)	2017_1	-
Advocating LGBT rights in BiH core funding for Sarajevo Open Centre - OSFBIH	Open Society Fund BiH (OSFBIH)	2017_2	26.698
Strengthening NGO Engagement in Monitoring Reforms	National Endowment for Democracy (NED)	2017_3	17.863
Advocating Compliance with Human Rights Law	Heinrich Boell Stiftung, Sarajevo Office	2017_4	-
Combating discrimination and crimes against LGBTI people	Heinrich Boell Stiftung, Sarajevo Office	2017_5	-
New Executives Fund - Round 9	Foundation Open Society Institute (FOSI)	2017_6	40.915
Improving Implementation of Hate Crime Regulation in BiH project	Dutch Mission to the OSCE in Vienna	2017_7	97.498
Reducing bullying in BiH	German Embassy in Sarajevo	2017_9	97
TOTAL			192.015

Notice 2. EXPENDITURES

Total expenditures in accounting records for the period January 1 - December 31st 2017 are disclosed in amount of **KM 942.116** (as presented in Income statement for 2017).

DESCRIPTION	(IN KM)	
	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
Materials and electricity	10.161	9.316
Services	428.197	388.180
Salaries and other employee benefits	339.794	330.024
Depreciation	12.976	10.674
Financial expenditures – insurance premium	8.219	4.868
Travel expenses	4.527	5.147
Humanitarian expenses	100	500
Taxes and contributions that do not depend on the performance	3.126	2.696
Other expenditures	135.016	176.867
TOTAL	942.116	928.272

2.1. Materials and energy

DESCRIPTION	(IN KM)	
	01.01.2017 - 31.12.2017	
Office material	5.418	
Promotional material	2.109	
Used spare parts	106	
Hygiene products	1.290	
Small inventory write – offs in use	992	
Expenses for fuel	246	
TOTAL	10.161	

2.2. Services

DESCRIPTION	(IN KM)
	01.01.2017 - 31.12.2017
Maintenance services	10.830
Rent office space	30.000
Rent rooms and equipment	9.350
Advertising Costs	31.609
Graphic services	40.396
PTT costs (postage, phones, cell phones, internet)	3.971
Copyright works contracts	27.092
Service contracts	103.784
Service contracts - non-residents	49.888
Scholarships (Decisions No. S-1/17 and S-2/17)	11.000
Utilities	9.600
Research and development services	4.128
Intellectual services	9.100
Bank fee	3.184
Ino Bank fee	5.358
services of lawyers	9.604
Auditing and bookkeeping services	42.267
Transport services	481
Strategic planning services	6.845
Other services	19.710
TOTAL	428.197

2.3. Salaries and other employee benefits

DESCRIPTION	(IN KM)
	01.01.2017 - 31.12.2017
Gross salary	294.841
Food allowance	20.808
Transport at work	7.050
Regress (Decisions No. O-5/17 and O-7/17)	17.095
TOTAL	339.794

2.4. Travel costs

(IN KM)	
DESCRIPTION	01.01.2017 - 31.12.2017
Transportation on a abroad business trip	2.916
Accommodation on a abroad business trip	1.080
Transportation on a business trip in the country	531
TOTAL	4.527

2.5. Taxes and contributions that do not depend on the performance

Taxes and contributions that do not depend on the performance amounts **3.126 KM** and presents:

- Withholding tax 2.796 KM
- Taxes (utility, administrative and other) 330 KM

2.7. Other expenditures

Other expenditures amounts **135.016 KM** and presents:

- Costs of conferences, trainings and other – accommodation 74.612 KM
- Costs of conferences, trainings and other – transport 15.492 KM
- Costs of conferences, trainings and other – food 35.996 KM
- Other expenditures 8.916 KM

**Detailed list of expenditures per projects implemented in 2017
by Sarajevo Open Centre is given in the table below:**

Project	Donor	Project ID	Amount in 2017
Mainstreaming LGBT Rights in BiH Media	Dutch Embassy Sarajevo/MATRA Programme	2014_20	-
Enhancing Lesbian, Gay, Bisexual and Trans Rights in BiH in Line With EU Standards	European Union/EIDHR	2014_3	-
Sarajevo Open Centre General Budget	SOC	2015_0	5.925
Advocating LGBT and Women's Rights - Support for Sarajevo Open Centre's Programmes	Norwegian Embassy Sarajevo	2015_6	12.517
Utilizing European Union Integration Processes for the Advancement of LGBT Rights in the Western Balkans	State Department (US SD)	2015_8	107.328
Advocating LGBT rights in Bosnia and Herzegovina: Core funding for Sarajevo Open Centre	Open Society Fund BiH (OSFBIH)	2015_9	44.886
SIDA Core funding 2016	Swedish International Development Cooperation Agency (SIDA)	2016_1	-
Strengthening Civil Society's Role in European Integration Processes 2016	Heinrich Boell Stiftung, Sarajevo Office	2016_2	-
Advancing the Human Rights of LGBT persons within BH Society and Legal Framework	Astraea Lesbian Foundation for Justice	2016_3	39.634
Public policy for equality of LGBTI people in Bosnia and Herzegovina	Dutch Embassy Sarajevo/MATRA Programme	2016_4	71.136
Institutional Network of Support for LGBTI People and Person in Kanton Sarajevo	Institute for Youth Development KULT	2016_5	60.000
Core Funding 2017 SIDA	Swedish International Development Cooperation Agency (SIDA)	2017_1	424.187
Advocating LGBT rights in BiH core funding for Sarajevo Open Centre - OSFBIH	Open Society Fund BiH (OSFBIH)	2017_2	79.201
Strengthening NGO Engagement in Monitoring Reforms	National Endowment for Democracy (NED)	2017_3	60.965
Advocating Compliance with Human Rights Law	Heinrich Boell Stiftung, Sarajevo Office	2017_4	10.518
Combating discrimination and crimes against LGBTI people	Heinrich Boell Stiftung, Sarajevo Office	2017_5	11.730
New Executives Fund - Round 9	Foundation Open Society Institute (FOSI)	2017_6	164
Improving Implementation of Hate Crime Regulation in BiH project	Dutch Mission to the OSCE in Vienna	2017_7	293
Reducing bullying in BiH	German Embassy in Sarajevo	2017_9	539
Sarajevo Open Centre – Solidarity Fund	SOC	2014_16	117
Depreciation of fixed assets			12.976
TOTAL			942.116

All expenditures per projects are fully reconciled with expenditures as disclosed in Income statement for 2017.

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 2017 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 2017 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.

Based on conducted procedures, the 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.

ACCOUNT OF BUSINESS RESULT

DESCRIPTION	31.12.2017.
Project income	942.116
Income - Solidarity Fund	9.774
Interest income	42
Expenditure per project	(942.116)
Current expenditures	(159)
INCOME SURPLUS	9.657

Calculation of the financial performance in the accounting period is performed by matching the reported incomes with total expenditures for a given accounting period.

At the end of the fiscal year 2017, the Sarajevo Open Centre reported excess revenues over expenses of **KM 9.657**.

Surplus 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).

SOC has no obligation to account and pay income tax. Income surplus which has SOC is not a profit as a capital item, because their goal is not to achieve profit and a capital increase, but the performance of socially benefits activities.

Notice 3. FIXED ASSETS**3.1. Tangible and intangible assets****(IN KM)**

DESCRIPTION	Equipment	Means of transport	TOTAL
Purchase value 01.01.2017	52.994	6.500	59.494
Increase in value in 2017 year	14.263	-	14.263
Decrease in value in 2017 year	(2.031)	-	(2.031)
Purchase value 31.12.2017	65.226	6.500	71.726
Total correction of value	(38.774)	(6.018)	(44.792)
Current value 31.12.2017	26.452	482	26.934

According to the Director Decision of list for year 2017 No. O-04/18 of 01 January 2018, Commission for a list of fixed assets, small inventory, financial assets, liabilities and receivables was formed.

The regular annual inventory (list) of equipment was performed and book amount corresponds to the state of the list from appointed Commission on date 31st of December 2017.

The Report of the Commission for inventory on date 31st of December 2017 was adopted by the Decision No. O-05/18 of 30 January 2018.

Purchase of fixed assets should be made on the basis of a procurement plan with the approval of the donor.

Increasing of purchase value of fixed assets in 2017 represents a new purchase in **14.263 KM**, as follows:

- Computers 9.004 KM
- Office equipment 1.633 KM
- Printers and scanners 1.793 KM
- Photo and video equipment 1.833 KM

Total 14.263 KM

Reducing of purchase value of fixed assets in 2017 in amount **2.031 KM** relate on write-off of fixed assets per inventory in accordance with Decision No. O-08/18 of 30 January 2018.

Fixed assets (property, plant and equipment) should be recognize as an asset, it is probable that future economic benefits related to the assets to pure in society and when the cost of the bought assets can be reliably measured (IAS 16).

All fixed assets are recorded in inventory lists. For fixed assets should be done a calculation for depreciation according to law regulation for rate. Depreciation should be done by time method depreciation calculation. Depreciation of fixed assets should be done linear for each fixed asset.

Depreciation rates applied by decision of the Director as follows:

Type of assets	Annual rate
- Computers and printers	33,33 %
- Other equipment	15,00 %
- Office equipment	15,00 %
- Passenger cars	15,00 %

3.2. Long-term receivables

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

Notice 4. CURRENT ASSETS

The Sarajevo Open Centre current assets as at December 31st 2017 contains cash and cash equivalents.

4.1. Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments, which can be convertible to known amounts of cash with insignificant risk of changes in value (ISA 7). Sarajevo Open Centre balance day has cash on bank accounts and in cash register, as follows:

DESCRIPTION	(IN KM) 31.12.2017
Cash in the KM currency on the account Raiffeisen Bank Main Account Bank Statement No. 190 31.12.2017	177.332
Cash in the KM currency on the account Raiffeisen Bank SOC Solidarity Fund 31.12.2017	27.640
Cash in the KM currency on the account Raiffeisen Bank MATRA II 31.12.2017	13.145
Cash on hand 31.12.2017	38
TOTAL	218.155

Sarajevo Open Centre uses the transaction accounts held with one commercial bank (Raiffeisen bank dd) for its business transactions. Authorized persons for signing the bank orders for all transaction accounts are the Executive Director and Financial Manager.

The bank statements as of December 31st 2017 disclose the same balance as that in the general ledger. The funds on the transaction accounts total to KM 218.117.

The cash- on-hand account as of December 31st 2017 reflects the same balance as the latest cash-on-hand statement. Cash on hand on the balance sheet in KM totals to KM 38.

Sarajevo Open Centre performed inventory of funds and cash count as of 31.12.2017 and there were no differences compared to accounting value registered in General ledger.

Notice 5. PERMANENT SOURCES

Sarajevo Open Centre at the day of balance has a structure of permanent sources, as follows:

(IN KM)	
DESCRIPTION	31.12.2017
Non appropriated surplus incomes – Funds of SOC Solidarity Fund	27.640
TOTAL	27.640

Notice 6. LIABILITIES**6.1. Long-term accrual**

As of 31 December 2017 on the long-term accrual were recorded amount of **218.949 KM**, which is related on differed income regarding projects in the amount of 192.015 KM and differed income regarding depreciation in future period for purchased fixed assets in amount of 26.934 KM.

Current value of fixed assets as of 31.12.2017. is equal to differed income.

Our opinion is that balance position of long-term accruals due to the its character are short term accruals of income, which are opposed to the costs in the current period.

6.2. Short- term liabilities

Short- term liabilities are obligations which payment is expected, from the date of the balance, in a period shorter than one year or 12 months.

Short – term liabilities on the day of 31.12.2017 amounts **4.803 KM** and represent liabilities as follows:

- Service Contract – net 4.050 KM
- Service Contract – tax 349 KM
- Service Contract – pension fee 218 KM
- Service Contract – healthcare fee 146 KM
- Service Contract – water fee 20 KM
- Service Contract – accident fee 20 KM

6. 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,
- Rules on Management of fixed assets.

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. Each outflow of funds is liquidated by an internal document, on the basis of which is made cost allocation, formal and substantive verification and approval by the authorized person.

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.

7. 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 is 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 2017 Sarajevo Open Centre performed reconciliation of total revenues and expenditures between consolidated accounting and project records.

Auditors recommendation:

Our opinion is that equity/capital approach should be implemented for the records of fixed assets and depreciation calculation, according to which purchase of fixed assets is directly credited on permanent sources, and depreciation calculation is performed by debiting of permanent sources. Liability for payment is recorded as expense of the period.

According to this principle is respected reporting of received and spent donations in accordance to chart of accounts and financial statements, which are based on income-outcome principle.

Annex 1.

Management letter to the Sarajevo Open Centre Sarajevo Open Centre

Čekaluša 16
71 000 Sarajevo
Bosna i Hercegovina

Attn. Emina Bošnjak

Management letter for the audit of the annual financial reports for year 2017

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, 2017. 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 2017 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 2017 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. Recommendation previous audit

Auditor procedures revealed that cash payments were made for catering services in 2017. The amount of individual cash payments (BAM 1.034,50 and BAM 1.042,00) is significantly higher as compared to limits regulated by Law, which is BAM 200,00 per individual cash payment.

These cash payments are contrary to the applicable legislation, and the supported receipts cannot be considered valid because there is no fiscal receipt attached to vendor's invoice. According to management statement, SOC made considerable effort aiming to obtain valid financial document from the vendor (Common Institution of BiH) but the vendor rejected to issue valid invoice for provided services and insisted on cash payment explaining that bank transfer was not acceptable payment option. SOC could not expect that the State institution would breach the FBiH Laws in such way (Law on Fiscal Systems and Law On Internal Payments, Decree on conditions and methods of cash payments. Source: Official Gazette of the FBiH No. 48/15 and 82/15).

The previous audit recommended that this practice should be avoided in future work and that SOC needs to agree conditions and methods of payment with any legal entity that provides catering or other services to SOC.

During the our audit, we have found that the recommendations of the previous audit were realized during the implementation of the project in 2017.

1.3.2. Recommendations for auditing financial reports for 2017

Our opinion is that equity/capital approach should be implemented for the records of fixed assets and depreciation calculation, according to which purchase of fixed assets is directly credited on permanent sources, and depreciation calculation is performed by debiting of permanent sources. Liability for payment is recorded as expense of the period.

According to this principle is respected reporting of received and spent donations in accordance to chart of accounts and financial statements, which are based on income-outcome principle.

Also, our opinion is that balance position of long-term accruals due to the its character are short term accruals of income, which are opposed to the costs in the current period.

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, 2017, and of its financial performance, and are in accordance with the generally accepted accounting standards.

Bilans d.o.o.

Lejla Avdić - Vajzović

Authorized Auditor
Licensee No. 3090017108

Bilans d.o.o.

Lejla Čaušević



Director

Sarajevo, April 25, 2018

Annex 2: Copies of Company and auditor certification

izdaje

LICENCI

DRUGI LIST

BILANS d.o.o. Sarajevo

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

MINISTAR
Veselin Bešlić
Veselin Bešlić

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

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 finansija

Imenovano društvo je upisano u Registar revizorskih društava pod registarskim brojem: 9090372104

Sarajevo, 23.9.2010. godine

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

BOSNIA AND HERZEGOVINA
FEDERATION OF BOSNIA AND HERZEGOVINA
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AVDIĆ-VAJZOVIĆ LEJLA

NA OSNOVU KOJE OSTVARUJE PRAVA I PREUZIMA
OBAVEZE DA OBAVLJA REVIZIJU U SKLADU SA ZAKONOM

Ova licenca važi do 22.4.2019. godine

Imenovan je upisan u Registar ovlaštenih revizora pod registarskim brojem: 3090017108

Sarajevo, 22.4.2016. godine



MINISTARICA

Jelka Miličević