

**"SARAJEVO OPEN CENTRE" SARAJEVO**

**INDEPENDENT AUDITOR'S REPORT  
ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**FOR THE ACCOUNTING PERIOD  
FROM 01.01. UNTIL 31st DECEMBER 2020**

Sarajevo, March 2021

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**Director's report**

The Director presents the annual report and audited financial statements for the year ended 31.12.2020.

**Results**

The results of the Association's operations are presented in the income statement of these financial statements.

**Director's statement of responsibility**

The Director is responsible for ensuring that the financial statements, for each financial year, are prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Enterprises (IFRS for SMEs) issued by the International Accounting Standards Board, and provide a true and fair view of the situation business results and cash flows in the Association for the specified period.

The Director is also responsible for keeping proper accounting records necessary for the preparation of financial statements at all times and has overall responsibility for taking available measures to preserve the Association's assets and to prevent and detect fraud and other irregularities.

Management's responsibility in preparing the financial statements includes the following:

- selecting and consistently applying appropriate accounting policies,
- making decisions and assessments that are reasonable and prudent,
- complying with international accounting standards, disclosing and explaining any material departures in the financial statements; and
- preparation of financial statements under the assumption of indefinite operation, unless the assumption that the Association will continue to operate is inappropriate.

The Director shall ensure that the financial statements comply with the Law on Accounting and Auditing in the Federation of Bosnia and Herzegovina.

The Director is responsible for submitting the annual report, which includes the financial statements of the Association, for approval to the owners.

Signed on behalf of the SOC:



Emina Bošnjak, executive director

Sarajevo Open Center  
Podgaj 14  
71000 Sarajevo, BiH



31 March 2021

## INDEPENDENT AUDITOR'S REPORT

### **For the needs of the Association's donors**

We performed an audit of the attached financial statements of the "SARAJEVO OPEN CENTER" Association of Citizens Sarajevo, which consists of the statement of financial position (balance sheet) as of 31.12.2020., and related Income Statement for the period 01.01. - 31.12.2020. based on the Agreement on Support to the Sarajevo Open Center for the period 2018-2020, signed on February 22<sup>nd</sup>, 2018, for the needs of SIDA donor.

### **Management's responsibility for the financial statements**

The preparation and objective presentation of financial statements in accordance with International Financial Reporting Standards fall within the scope of responsibility of the Association's management, including: establishing and maintaining internal controls relevant to the preparation and objective presentation of financial statements free from material misstatement which may arise from fraud or errors, selecting and applying appropriate accounting policies and making accounting estimates appropriate to the circumstances. Management is also responsible for compiling budget execution reports in accordance with SIDA's financial reporting guidelines set forth in the agreement between the Sarajevo Open Center and SIDA.

### **Auditor's responsibility and basis for giving an opinion**

It is our responsibility to express an independent opinion on the financial statements based on audit. We conducted audit in accordance with International Standards on Auditing (including the application of ISA 805), which require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Features that affect the audit opinion**

#### **Deviation from the standard**

Association realistically assessed the positions in all positions.

**Opinion**

In our opinion, the attached financial statements show realistically and objectively in all significant items the financial position of the association SARAJEVO OPEN CENTER, Sarajevo as of December 31, 2020, and the results of its operations. They are compiled in accordance with the Law on Accounting and Auditing in FBiH and accounting standards applied in the territory of the Federation, and with the International Financial Reporting Standards which have been translated and published by the Accounting and Auditing Commission of BiH.

**Other information**

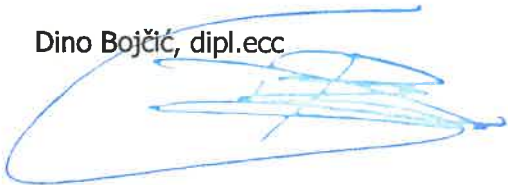
Management is responsible for other information. Other information contains information included in the annual report.

Our opinion on the financial statements does not include other information and we do not express any form of conclusion with the expression of assurance about them. With regard to the audit of the financial statements, it is our responsibility to read other information and, in doing so, consider whether other information is materially inconsistent with the financial statements or our findings or otherwise appears to be materially misstated. If, based on the work we have done, we conclude that there is a material misstatement of this other information, we are required to report that fact. In that sense, we have nothing to report.

Sarajevo, 31 March 2021

Certified Auditor  
Sarajevo

Dino Bojčić, dipl.ecc



Unija Consulting d.o.o.

Director: Dino Bojčić

**SARAJEVO OPEN CENTER***Income Statement and Balance Sheet*

Sarajevo

**INCOME STATEMENT** for the period 01.01.-31.12.2020  
*All amounts are expressed in BAM*

<b>POSITION</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
1. Humanitarian income	1.1	896.359	862.845
2. Income from own activities	1.2	29.787	-
3. Other income	1.3	8.028	12.696
<b>Total revenue</b>	<b>2.</b>	<b>934.174</b>	<b>875.541</b>
1. Material and energy	2.1	4.659	9.977
2. Services	2.2	441.606	460.153
3. Salaries and other income	2.3	448.473	360.062
4. Depreciation		14.607	11.223
5. Financial expense	2.4	8.920	8.182
6. Travel expenses	2.5	2.968	5.118
7. Taxes and contrib., except taxes relating to result	2.6	1.549	2.061
8. Other expenses	2.7	3.531	6.188
<b>Total expenses</b>		<b>926.313</b>	<b>862.964</b>
<b>SURPLUS OF INCOME</b>		<b>7.861</b>	<b>12.577</b>

**BALANCE SHEET** as of 31.12.2020  
*All amounts are expressed in BAM*

<b>POSITION</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>			
<b>FIXED ASSETS</b>	<b>3.</b>	<b>32.843</b>	<b>26.342</b>
1. Property, plant and equipment	3.1	26.525	22.453
2. Intangible fixed assets	3.2	1.818	2.389
3. Long-term placements and receivables	4.	4.500	1.500
<b>CURRENT ASSETS</b>		<b>469.486</b>	<b>637.895</b>
1. Cash and cash equivalents	5.	467.938	634.366
2. Short-term placements and receivables	6.	1.548	3.529
<b>TOTAL ASSETS</b>		<b>502.329</b>	<b>664.237</b>

<b>POSITION</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>LIABILITIES</b>			
<b>PERMANENT SOURCES</b>	<b>7.</b>	<b>51.866</b>	<b>44.005</b>
1. Unallocated surplus income		51.866	44.005
<b>LONG - TERM LIABILITIES</b>	<b>8.</b>	<b>449.474</b>	<b>620.232</b>
1. Long-term accruals and provisions		449.474	620.232
<b>SHORT - TERM LIABILITIES</b>	<b>9.</b>	<b>989</b>	<b>989</b>
1. Short-term liabilities		989	989
<b>TOTAL LIABILITIES</b>		<b>502.329</b>	<b>664.237</b>

The accompanying notes attached from pages 21 to 29 are an integral part of these financial statements

**GENERAL INFORMATION**

**Name:** Association "Sarajevo Open Center", Sarajevo

**Headquarters:** Sarajevo, Str. Podgaj no. 14

**Identification number:** In accordance with the Certificate of tax registration from 28.09.2007, the identification number of the Association is 4201263530004.

**Activity:** According to the Notification on classification of legal entity according to activity number: 04-32.5-1-4201263530004/04 dated 28.09.2007, the activity of the Association is the activity of other organizations on the basis of membership, with the activity code 91.330 (KD BiH 2010 number 94.99).

**Number of employees on 31.12.2020:** The Association employed 13 employees with the following qualification structure:

<b>Profession</b>	<b>No of employees</b>	<b>Participation in %</b>
University graduate	8	62
Vocational school graduate	1	8
High school graduate	4	30
Qualified graduate	-	-
Elementary graduate	-	-
<b>TOTAL</b>	<b>13</b>	<b>100</b>

**The Management Board** of the Association, according to the provisions of the Statute, consists of the Executive Director of the Association.

The Executive Director of the Association is Emina Bošnjak, appointed on the basis of the amendment to the Statute of the Association number: O-10/14 from 20.06.2014.

**Certified accountant:** Čišija Jasmina, license number: 5272/5.

**Previous audit:** The audit of the Sarajevo Open Center Sarajevo for 2019 was performed by the Audit and Business Consulting Company Intercons d.o.o. Zenica, Begagića put 8.

\*\*\* On this occasion, we would like to thank for the cooperation during the audit, both the authorities in the Association and the accounting agency for accepting recommendations and suggestions during the work, all in order to ensure legality, transparency and efficiency of business.

**ENTRY IN THE COURT REGISTER**

**According to the Decision number 08-07-1-98/07** from 30.08.2007 in the register of associations within the Ministry of Justice of BiH, the association "Sarajevo Open Center" was registered, with its headquarters in Gradačanka Street No. 13, Sarajevo, based on the request for registration dated June 26<sup>th</sup>, 2007. The person authorized to represent the association is Ranka Katalinski and the president of the Board of Directors is Saša Gavrić.

**According to the Decision number UP08-07-1-98/07** from 23.07.2014, the following changes were entered in the register of associations at the Ministry of Justice of BiH:

- The new Statute of the Association number O-10/14 from 20.06.2014 is adopted;
- The address of the Association's headquarters is changed, instead of the previous address Gradačanka 13, the address Čobanija no. 12 is registered;
- The authority to represent the Association for Ranka Katalinski, the President of the Association, terminates due to the abolition of this body. The new person authorized to represent the Association is Saša Gavrić, Executive Director of the Association;
- Members of the Board of Directors of the Association.

**According to the Decision number UP08-07-1-98/07** from 16.08.2016 in the register of associations within the Ministry of Justice of BiH entered an amendment to the Statute of the Association number O-10/14 from 20.06.2014 in the part of the address of the headquarters of the association. The new address of the Association's headquarters is Čekaluša No. 16. The amendment terminates the authorization of Saša Gavrić to represent the Association. The new person authorized to represent the Association is Emina Bošnjak, Executive Director of the Association.

**According to the Decision number UP09-07-1-1979/20** from 04.12.2020 in the register of associations at the Ministry of Justice of BiH, a change in the address of the Association and the area of activity was registered. The new address of the Association is Podgaj number 14. The Association is classified in the area of activity 7. Human rights.

In the audit procedure, the following internal acts adopted by the Company's management bodies were presented:

- Rulebook on work with accompanying annexes;
- Rulebook on accounting policies;
- Rules on accounting;
- Rulebook on financial management;
- Cash Management Rules;
- Rulebook on documentation management;
- Rulebook on fixed assets;
- Rulebook on procurement;
- Rulebook on Solidarity Fund;
- Rulebook on membership in the association;
- Rulebook on the management of the association;
- Rulebook on the subgranting;
- Statute of the association.



**BASIS FOR PRESENTATION OF FINANCIAL STATEMENTS****Adoption and application of new accounting standards**

The statutory financial reporting framework includes the FBiH Law on Accounting and Auditing ("FBiH Official Gazette" No. 83/09) and the accounting standards applicable in the FBiH published by the Association of Accountants, Auditors and Financial Workers in FBiH (based on the authorization of the Accounting and Auditing Commission of BiH, No. 5/07) and applicable to the financial statements for the year ended December 31, 2020.

The preparation of financial statements in accordance with the statutory financial reporting framework in the Federation of Bosnia and Herzegovina requires Parent Company to use the judgments, estimates and assumptions that affect the application of accounting policies, and the disclosed amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and related assumptions are reviewed regularly. Changes in accounting estimates are recognized in the period in which the estimates are changed, and possibly in future periods, if they affect them.

For the financial statements for the year ended 31<sup>st</sup> December 2020, the Association applied the International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for MSS).

**Summary of significant accounting policies**

The financial statements have been prepared on a going concern basis, assuming indefinite operation. Accounting policies are special principles, bases, conventions, rules and practices that the association applies when preparing and presenting financial statements. The following is a description of the adopted basic accounting policies:

**Compliance report**

The *Sarajevo open center*, Sarajevo keeps its accounting records and records business changes in accordance with the regulations of the Federation of Bosnia and Herzegovina, which are in accordance with International Accounting Standards for Small and Medium-Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board and translated by the Commission for Accounting and Auditing of the Federation of BiH, in accordance with the Decision on publication and application of IFRS number O-1/7-2017 dated 24.05.2017 published by the Federation of Accountants and Auditors of FBiH.

**Basis of preparation of financial statements**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") for Small and Medium-sized Entities (SMEs) issued by the International Accounting Standards Board. The company's management has adopted the concept of continuing operations based on the support of the company's owners. The financial statements are presented in convertible marks, as this is the currency in which most business events in the Company are stated. BAM is fixedly bound to Euro (EUR) (1 EUR = 1.95583 BAM).

The preparation of financial statements in accordance with IFRS for SMEs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and contingent liabilities at the date of the financial statements, as well as reported income and expenses during the reporting period. Estimates are based on information available at the date of preparation of the financial statements, and actual amounts may differ from those estimated.

**Use of judgments and estimates**

The preparation of financial statements in accordance with IFRS for SMEs requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and contingent liabilities at the date of the financial statements, as well as reported income and expenses during the reporting period.

Estimates and related assumptions are based on information available at the date of preparation of the financial statements, as a result of which actual amounts may differ from those estimated. Changes in accounting estimates are recognized in the period in which the change in estimate occurs, if the effects of the change affect only that period, or in the period in which the change occurred in future periods, if the effects of the change affect current and future periods.

**Significant accounting policies**

The accounting policies have been consistently applied in all periods presented in these financial statements.

**a) Foreign currencies**

The functional currency of the Association is the convertible mark (BAM or BAM). Transactions in foreign currencies are stated in the functional currency of the Association using the exchange rate valid on the day of the transaction (applying the middle exchange rate of the Central Bank of Bosnia and Herzegovina).

Monetary items arising from foreign currency transactions are translated into the reporting currency using the middle exchange rate of the Central Bank of Bosnia and Herzegovina, on the date of the transaction, or on the balance sheet date. Foreign exchange gains or losses arising on the settlement of such transactions and gains or losses arising on the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement as finance income, ie an expense in the period in which they are accrued.

Non-monetary assets and items denominated in foreign currencies that are measured at historical cost are not retranslated at the new exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

**b) Property, plant and equipment**

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An association recognizes the cost of an item of property, plant and equipment as an asset if, and only if: (a) it is probable that future economic benefits associated with the item will flow to the association, and (b) the cost of the item can be measured reliably.

Recognition and valuation

- a) The Association records property, plant and equipment at its expense at initial recognition. The cost of each item of property, plant and equipment includes the following: purchase price, including fees for legal and intermediary services, import duties and non-refundable taxes after deduction of trade discounts and rebates;
- b) all costs directly attributable to bringing the asset to its working condition for its intended use. Examples of costs that can be directly attributed are site preparation costs, initial delivery and handling costs, installation and assembly costs, and costs of testing proper functioning.
- c) the initially estimated costs of dismantling, removing the asset and restoring the location of the asset, for which the liability to the company arises when the asset is acquired or as a result of using the asset during a particular period for purposes other than inventory production during the period.

The cost of individual property, plant and equipment is equal to the price to be paid on the date of recognition of that property. When payment is delayed beyond normal credit terms, the cost is equal to the present value of all future payments.

The Association applies the cost model to the entire class of property, plant and equipment as its accounting policy. The Association recognizes the costs of ongoing maintenance of an item of property, plant and equipment in profit or loss for the period in which the costs are incurred.

Cost model

The Association records property, plant and equipment, after initial recognition, at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure

The replacement cost of part of property, plant and equipment is recognized as an asset if it is certain that the Association will have future economic benefits from that asset and that the cost of the asset can be measured reliably. The cost of current maintenance of property, plant and equipment is recognized in the income statement when incurred.

Impairment

At each reporting date, the Association applies the provisions of Section 27 Impairment of Assets to determine whether an item or group of items of property, plant and equipment is impaired and, if so, how to recognize and measure impairment losses.

Depreciation

If the principal parts of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the Association allocates the initial cost of the asset to its principal parts and depreciates each such part separately over its useful life. Other assets should be depreciated over their useful lives as a single asset. With some exceptions, such as quarries and landfills, land has an unlimited useful life and is therefore not depreciated.

The depreciable amount of an individual asset is allocated systematically over its useful life.

- Plant and equipment (15,00%)	6 years and 8 months
- IT equipment	3 years i 0 months (33,30%)
- Office furniture	6 years i 8 months (15,00%)
- Means of transport	6 years i 8 months (15,00%)

Depreciation is calculated from the first day of the following month in which the asset was used, ie. from the first day of the following month when the device is put into use.

**c) Inventories**

Small inventory includes items whose individual purchase value is lower than 250.00 BAM, and the useful life is shorter than 12 months. Small inventory is written off when it is put into use by the method of 100% write-off.

**d) Basic financial instruments**

The Association includes the following financial instruments in its accounting policies as basic financial instruments:

- a) cash
- b) a debt instrument,
- c) commitment to take a loan:
  - i. which cannot be settled in money, or
  - ii. which is expected to be settled when the obligation is fulfilled

**Initial recognition of financial assets and liabilities**

After the initial recognition of a financial asset or financial liability, the Association measures it at the transaction price and except when the contract is, in fact, a financial transaction for either the Association or another party to the contract. A contract is a financial transaction if the payment is deferred beyond the measure of normal business conditions or is financed at a non-market interest rate. If the contract is a financial transaction, the Association measures the financial asset or financial liability at the present value of future payments discounted at the market interest rate for a similar associate as determined at initial recognition.

**Subsequent recognition of financial assets and liabilities**

At the end of each reporting period, the Association shall measure financial instruments as follows, without any deduction for transaction costs that may be incurred by the Association in the event of a sale or other disposal:

- a) Debt instruments are measured at amortized cost using the effective interest method. Debt instruments that are classified as current assets or current liabilities are measured at the undiscounted amount of cash or other consideration expected to be paid or recovered, except when the contract is, in fact, a financial transaction.
- b) The obligation to receive a loan is measured at cost less impairment.

**Impairment**

At the end of each reporting period, the Association assesses whether there is objective evidence that any financial assets measured at cost or amortized cost are impaired. If there is objective evidence of impairment, the Association should immediately recognize an impairment loss in profit or loss.

**e) Receivables**

The Association is financed through receipts from the founders of the Association and contains retained membership fees, retained income and funding from third parties. Positions of funding sources increase (decrease) on the basis of payments, donations to fixed assets, (use of the fund) or (transfer of the fund to another non-profit organization).

**f) Supplier payables**

Supplier payables are initially recognized at fair value and subsequently measured at amortized cost.

**g) Employee costs**

Employee benefits are all forms of benefits that the Association provides in exchange for services provided by employees, including directors and management. The Association recognizes the cost of all employee benefits to which employees are entitled as a result of services provided to the Association during the reporting period:

- a) as a liability, after deduction for amounts paid either directly to employees or paid into the employee benefit fund. If the amount paid exceeds the obligations arising from services before the reporting date, the Association recognizes that excess as an asset to the extent that the subscription will result in a reduction in future payments or a refund.
- b) as an expense, unless another section of the Standard requires the expense to be recognized as part of the cost of an asset such as inventories or property, plant and equipment.

**Severance pay**

The Association may be required by law, contract or other arrangement with employees or their representatives, or on the basis of a derived obligation based on business practice, custom or desire for fair treatment, to pay (or provide other benefits) to employees when he terminates their employment. Such payments are severance pay. Because severance payments do not provide the Association with future economic benefits, the Association immediately recognizes them as an expense in profit or loss.

**h) Provisions, contingent liabilities and contingent assets**

The Association should recognize a provision only when (a) the association has a liability at the reporting date as a result of a past event, (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) the amount of the liability can be estimated reliably. The Association should recognize the provision as a liability in the statement of financial position and the amount of the provision as an expense. The Association should measure the provision at its best estimate of the expenditure required to settle the obligation at the reporting date. The best estimate is the amount that the association could objectively pay to settle the obligation at the end of the reporting period or to transfer it to a third party at the same time.

**i) Revenues**

The Association measures revenue at the fair value of the consideration received or receivable. The Association should exclude from revenues, revenues collected on behalf of third parties, such as sales tax, product and service tax and value added tax. If the inflow of cash and cash equivalents is deferred, and when such an arrangement is a financial transaction, the fair value of the consideration is the present value of all future receipts determined by applying the imputed interest rate. The accounting policies of the Association include income from donations, financial income (interest), own income and other sources of income. Revenue from donations is stated on accruals, measured and recognized based on the stated cost per the same. Income from work in progress is recognized in accordance with IAS.

**j) Recognition of expenses**

Expenses are recognized in the period in which the transaction is incurred. Direct costs are allocated according to the nature of the cost, service provision or specific activity (project). Indirect costs are those that are allocated at the association level. Salary is calculated on the basis of time sheet records and allocated to certain activities. Indirect staff costs are allocated according to total number of employees, total number of projects, share in total budget and divided by number of employees, total number of projects, total remaining budget, share in total staff costs, based on space used and number of end users or incurred cost. Therefore, all expenses incurred and relating to the accounting period are recognized in the income statement, regardless of whether it is at the same time an outflow of cash or cash equivalents or not. Financial expenses include interest on borrowed funds that are recognized when they are calculated taking into account the amount of interest paid.

**k) Long-term provisions**

The accounting policies of the association regulate the manner of measuring and reporting long-term provisions for litigation and severance pay.

**Inspection control**

In 2020, the Association was not subject to inspection.

**Litigation**

The management of the Association has informed us that the Association does not conduct court disputes, nor is it conducted against the Association.

**Audit scope and methodology**

We have planned and performed our audit in accordance with International Standards on Auditing and International Standard for the Audit of Similar Services 4400, published by the International Association of Accountants.

We have:

- a) Audited the financial statements of the Sarajevo Open Center, in order to gain confidence that they, in all significant respects, show the financial position of the association as of 31 December 2020 and performance for 2020 and that they are prepared in accordance with International Financial Reporting Standards, which include International Accounting Standards (published by the International Accounting Standards Board);
- b) Carried out pre-agreed procedures, as set out in the Sida Terms of Engagement, in accordance with ISRS 4400, to issue a letter to management containing factual findings and recommendations.

Our review in the field of pre-agreed procedures was conducted to verify that:

- Salary costs on behalf of the project/program are recorded during the year in a systematic manner; that salary costs can be verified by sufficient documentation.
  - There is adequate documentation regarding the cost incurred.
  - The Sarajevo Open Center implemented the recommendations obtained from the internal control assessment and carried out the activities as described in the response to the letter to the management, which was submitted to Sida.
  - The Sarajevo Open Center acts in accordance with the applicable tax regulations regarding the calculation and payment of taxes and contributions.
  - The Sarajevo Open Center complied with the procurement instructions, annexed to the contract with Sida.
  - The Sarajevo Open Center has signed agreements with its partner organizations, on the basis of which it implements instructions to the implementing partners, in order to verify whether there is a continuous chain of audited financial statements.
- c) Audited the financial report on budget executions in 2020, based on the agreement between the Sarajevo Open Center and Sida, in accordance with International Auditing Standard 805.

We performed accounting reconciliation of the entries in the general ledger of the association with the information reported in the financial report to Sida for the year ended 31 December 2020. Verified only whether the budget executions, as reported, were supported by adequate documentation which can be concluded that the expenditure incurred in the observed period and that it refers to the activities agreed with Sida.

Our audit included consideration of audit evidence, assessment of the risk of material misstatement, assessment of internal control systems relevant to the preparation and fair and realistic presentation of financial statements and interviews with representatives of associations and employees involved in financial management and reporting.

**1. Income**

Sarajevo

The structure of income shown in the income statement is as follows:

Description	2020	2019	Index
Humanitarian income	896.359	862.845	104
Income from its own activities	29.787	-	-
Other income	8.028	12.696	63
<b>Total</b>	<b>934.174</b>	<b>875.541</b>	<b>107</b>

### 1.1 Humanitarian income

The Sarajevo Open Center advocates for full respect for the human rights and social inclusion of lesbian, gay, bisexual, trans \* and intersex (LGBTI) persons and women through the provision of legal and psycho-social assistance, and counseling, as well as cooperation with institutions for human rights at all levels of government.

In accordance with the accounting policies for revenue recognition for certain activities, the association reported a total revenue of 881,752 BAM for project activities (budget execution) and 14,607 BAM for temporary recognition of deferred revenue for depreciation of fixed assets received in the form of donations current and in previous years.

Funding by source	Funding 2020		Execution 2020		
	Amount	%	Consts	Balance	%
ViiV Healthcare UK Ltd.	24.432	1,9%	12.168	12.265	49,8%
Dutch Embassy Sarajevo	159.558	12,1%	124.471	35.087	78,0%
SIDA	557.219	42,2%	430.804	126.415	77,3%
NED	99.373	7,5%	68.358	31.014	68,8%
CARE International Balkans	24.813	1,9%	24.813	0	100,0%
SHL	70.032	5,3%	56.361	13.671	80,5%
PPMG/USAID	14.030	1,1%	14.030	0	100,0%
Sigrid Rausing Trust	314.042	23,8%	128.008	186.034	40,8%
OSFBIH	45.174	3,4%	30.109	15.065	66,7%
German Embassy	10.552	0,8%	10.552	0	100,0%
External sources	1.319.226		899.674	419.552	68,2%
SOC	1.782		202	1.580	11,3%
Internal sources	1.782		202	1.580	11,3%
<b>Total</b>	<b>1.321.008</b>		<b>899.876</b>	<b>421.132</b>	

The association reported a total deferred income in the amount of 421,132 BAM, which refers to the received funds from external and internal financing, which is expected to be implemented within existing projects in the coming periods. The total budget execution of funds from external sources thus amounts to 68.2%. In addition, the association reported deferred income in the



amount of 28,342 BAM on the basis of donated fixed assets - depreciation, which is also expected to be realized in the following years.

### 1.2 Income from its own activities

During 2020, the association realized 29,787 BAM from its own activities, based on issued invoices to the Office of Helvetas Swiss Intercooperation in BiH in the amount of 14,782 BAM and GIZ Sarajevo in the amount of 15,005 BAM. Revenues were realized on the account of team engagement in projects.

### 1.3 Other income and profits

Description	2020	2019	Index
Interest income, reimbursement of foreign expenses	35	26	135
Solidarity Fund	7.993	9.034	88
Income from collected insurance premiums and litigation		364	-
Revenues from one-time donations and refunds	-	3.272	-
<b>Total</b>	<b>8.028</b>	<b>12.696</b>	<b>63</b>

During 2020, the most significant item in other revenues are revenues from the Solidarity Fund, ie revenues from suspensions from net earnings based on work contracts and copyright agreements in the amount of 3%, and net salaries in the amount of 1%.

## 2. Expenses

The structure of expenses shown in the income statement is as follows:

Description	2020	2019	Index
Material and energy	4.659	9.977	47
Services	441.606	460.153	96
Salaries and other employee benefits	448.473	360.062	125
Amortization	14.607	11.223	130
Financial expenses	8.920	8.182	109
Travel expenses	2.968	5.118	58
Humanitarian expenditure	0	0	-
Taxes and contributions that do not depend on the results	1.549	2.061	75
Other expenses	3.531	6.188	59
<b>Total</b>	<b>926.313</b>	<b>862.864</b>	<b>107</b>

### 2.1 Material and energy

Within the expenditure of materials and energy, the realized costs of the period in the amount of 4,659 BAM were recognized.

Description	2020	2019	Index
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Office Supplies	1.406	4.086	34
Promotional material	2.388	4.937	48
Hygiene products	375	440	85
Small inventory	0	367	-
Fuel cost	489	147	333
<b>Total</b>	<b>4.659</b>	<b>9.977</b>	<b>47</b>

**2.2 Services**

Description	2020	2019	Index
Graphic services	15.507	19.583	79
Transport services (taxi, etc.)	306	85	360
Maintenance services	6.255	31.779	20
Postal services	3.062	3.835	80
Rental services	40.860	37.606	109
Advertising costs	3.853	2.544	151
Fee costs	224.800	197.016	114
Research and development services	4.655	6.786	69
Overheads - lump sum	8.800	9.600	92
Other external services	51.127	29.241	175
Banking services	6.152	8.309	74
Lawyer services	466	3.130	15
Costs of accounting and auditing services	18.905	14.400	131
Costs of conferences, trainings, etc.	56.858	96.241	59
<b>Total</b>	<b>441.606</b>	<b>460.153</b>	<b>96</b>

**2.3 Salaries and other employee benefits**

The overview of paid salaries according to the reported specifications is as follows:

Month	Number of employees	Gross salary	Contributions from Salary	Net salary	Income tax	Contributions on Salary
I	13	29.595,82	9.174,71	18.768,99	1.652,12	3.107,56
II	13	29.615,46	9.180,79	18.781,20	1.653,47	3.109,63
III	13	29.615,46	9.180,79	18.781,20	1.653,47	3.109,63
IV	13	29.635,10	9.186,89	18.793,38	1.654,83	3.111,69
V	13	29.644,44	9.189,78	18.799,18	1.655,48	3.112,67
VI	13	29.644,44	9.189,78	18.799,18	1.655,48	3.112,67
VII	13	29.663,12	9.195,57	18.810,78	1.656,77	3.114,63
VIII	13	29.663,12	9.195,57	18.810,78	1.656,77	3.114,63
IX	13	29.663,12	9.195,57	18.810,78	1.656,77	3.114,63
X	13	33.743,88	10.460,61	21.344,92	1.938,35	3.543,11
XI	13	32.784,78	10.163,28	20.749,33	1.872,17	3.442,40
XII	13	36.010,40	11.163,23	22.749,43	2.097,74	3.781,09
<b>Total</b>		<b>369.279</b>	<b>114.477</b>	<b>233.999</b>	<b>20.803</b>	<b>38.774</b>

The audit determined that the calculation of salaries according to payrolls corresponds to the stated balance in the income statement, ie the reported balance to the tax administration system through Forms 2001 and the recorded balance in the Gross balance on 31 December 2020.

**2.4 Financial expenses** recorded in the amount of 8,920 BAM refer to expenses based on insurance premium.

**2.5 Travel expenses** recorded in the amount of 2,968 BAM refer to the following expenses:

- Per diems for business trips in the country in the amount of 953 BAM.
- Per diem for a business trip abroad in the amount of 450 BAM.
- Transportation for a business trip abroad in the amount of 900 BAM.
- Accommodation for a business trip abroad in the amount of 659 BAM.
- Taxi costs in the amount of 6 BAM.

All expenses related to business trips are in accordance with the law, and travel orders meet the prescribed forms and content.

### 2.6 Taxes and contributions that do not depend on the results

The stated subject position is stated in the income statement in the amount of 1,549 BAM and refers to the costs of fees in the amount of 205 BAM, and to the withholding tax on foreign invoices in the amount of 1,344 BAM.

**2.7 Other expenses** refer to all other operating costs of the association in the total amount of 3,531 BAM, which are not material.

## 3. Fixed assets

Total fixed assets presented in the balance sheet shown as at 31.12.2020. amount to 28,342 BAM.

Structure of fixed assets as of 31.12.2020. is as follows:

Description	Purchase value	Correction of the value	Non writte-offs value
Equipment	70.804	44.280	26.524
Means of transport	6.500	6.500	-
Intangible assets - licenses	2.613	795	1.818
<b>Total</b>	<b>79.917</b>	<b>51.575</b>	<b>28.342</b>

### 3.1 Property, plant and equipment

Structure of tangible assets with changes in the reporting and previous period:

Description of change	Equipment	Means of transport	Total
<b>Purchase value</b>			
<b>On 01.01.2019.</b>	68.413	6.500	74.913
Increase	8.020	-	8.020
Alienation and write-offs	(9.105)	-	(9.105)
<b>On 31.12.2019.</b>	67.328	6.500	76.828

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### Notes to the financial reports for 2020

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<b>On 01.01.2020.</b>	67.328	6.500	76.328
Increase	17.884	-	17.884
Alienation and write-offs	(14.408)	-	(14.408)
<b>On 31.12.2020.</b>	<b>70.804</b>	<b>6.500</b>	<b>77.304</b>
<i>Correction of t value</i>			
<b>On 01.01.2019.</b>	42.758	6.500	49.258
Increase / depreciation	11.224	-	11.224
Alienations and write-offs	(9.105)	-	(9.105)
<b>On 31.12.2019.</b>	<b>44.877</b>	<b>6.500</b>	<b>51.377</b>
<b>On 01.01.2020.</b>	44.877	6.500	51.377
Increase / depreciation	13.811	-	13.811
Alienations and write-offs	(14.408)	-	(14.408)
<b>On 31.12.2020.</b>	<b>44.280</b>	<b>6.500</b>	<b>50.780</b>
<i>Net present value</i>			
On 01.01.2019.	25.655	-	25.655
On 31.12.2019.	22.451	-	22.451
<b>On 01.01.2020.</b>	<b>22.451</b>	<b>-</b>	<b>22.451</b>
<b>On 31.12.2020.</b>	<b>26.524</b>	<b>-</b>	<b>26.524</b>

**Equipment changes** during 2020 included the following:

- Procurement as follows:

Account	Description	Amount in BAM
00201	IT equipment	4.410
00202	Printers and scanners	2.340
00203	Office equipment	10.338
00204	Other equipment	795
	<b>Total</b>	<b>17.883</b>

- Write-offs as follows:

Account	Description	Amount in BAM
00201	IT equipment	1.429
00202	Printers and scanners	2.047
00203	Office equipment	4.076
00204	Other equipment	6.856
	<b>Total</b>	<b>14.407</b>

On 31.12.2020. the Decision on write-off number O-09/20 of equipment in the purchase value of 14,407 BAM was made, which at the time of write-off did not have the current value. The write-off was made due to a technical malfunction and inability to use.

### 3.2 Intangible assets

Structure of intangible assets with changes in the reporting and previous period:

Description of the change	Licences	Total
<i>Purchase value</i>		
<b>On 01.01.2019.</b>	-	-
Increase	2.389	2.389
Alienation and write-offs	-	-
<b>On 31.12.2019.</b>	2.389	2.389
<i>Correction of the value</i>		
<b>On 01.01.2019.</b>	-	-
Increase	-	-
Alienation and write-offs	-	-
<b>On 31.12.2019.</b>	-	-
<i>Purchase value</i>		
<b>On 01.01.2020.</b>	2.389	2.389
Increase	224	224
Alienation and write-offs	-	-
<b>On 31.12.2020.</b>	2.613	2.613
<i>Correction of the value</i>		
<b>On 01.01.2020.</b>	-	-
Increase	795	795
Alienation and write-offs	-	-
<b>On 31.12.2020.</b>	795	795
<i>Net present value</i>		
On 01.01.2019.	-	-
On 31.12.2019.	2.389	2.389
<i>Net present value</i>		
<b>On 01.01.2020.</b>	<b>2.389</b>	<b>2.389</b>
<b>On 31.12.2020.</b>	<b>1.818</b>	<b>1.818</b>

During 2020, Bitdefender license was acquired in the amount of 224 BAM, through donated funds. Also, an increase in the value adjustment on behalf of the depreciation account was made.

**Depreciation** calculated according to the linear method and rates of 14.3% - 33.3% in the amount of 14,607 BAM.

An inventory of fixed assets, small inventory was made, and a Study on the inventory of assets was made on 31.12.2019. in accordance with Article 25 of the Law on Accounting and Auditing ("Official Gazette of the F BiH" No. 83/09).

### 4. Long-term placements and receivables

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Description	2020	2019	Index
Deposit for business premises	2.500	1.500	167
Business card deposit	2.000	-	-
<b>Total</b>	<b>4.500</b>	<b>1.500</b>	<b>300</b>

Part of long-term receivables stated in the amount of 2,500 BAM relate to paid deposits for the use of official premises. While the deposit in the amount of 2,000 BAM was given to Raiffeisen Bank on the basis of the Agreement on earmarked deposit no. 370002632 for the purpose of issuing a business card, signed on 29.01.2020. In accordance with the contract, and in addition to the given deposit, the approved limit per business card is 2,000 BAM.

### 5. Cash and cash equivalents

Cash and cash equivalents are accounted for in accordance with IAS 7 - Statement of Cash Flows, and include cash on hand, demand deposits and short-term deposits with banks.

The cash structure is as follows:

Description	2020	2019	Index.
<b>Transaction accounts - domestic currency</b>	<b>467.899</b>	<b>634.334</b>	<b>74</b>
1 Raiffeisen banka d.d. – MATRA II	29.087	36.414	80
2 Raiffeisen banka d.d. - CULT	13.135	82.605	16
3 Raiffeisen banka d.d. – GENERAL	354.442	410.982	86
4 Raiffeisen banka d.d. – SHL	22.555	63.674	35
5 Raiffeisen banka d.d. – SOLIDARITY FUND	48.680	40.659	120
<b>Main cash register</b>	<b>39</b>	<b>32</b>	<b>122</b>
<b>Total:</b>	<b>467.938</b>	<b>634.366</b>	<b>74</b>

Cash balances as at 31.12.2020. correspond to the daily statements of commercial banks.

### 6. Other short-term receivables

Structure of short-term receivables as at 31.12.2020. is as follows:

Description	2020	2019	Index
Other short-term receivables	14	-	-
Receivables - VAT refund	-	3.529	-
Receivables from donors for higher paid expenses	1.534	-	-
<b>Total</b>	<b>1.548</b>	<b>3.529</b>	<b>44</b>

Other short-term receivables in the amount of 14 BAM refer to double-paid liabilities based on the work contract. On the other hand, the amount of 1,534 BAM refers to receivables from donors for higher paid costs based on two projects.

### 7. Fixed capital

The surplus of revenues over expenditures in 2020 amounts to 7,861 BAM and increases the fund to the amount of 51,866 BAM.

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Description	2020	2019	Index
Total income	934.174	875.541	107
Total expenditures	926.313	862.964	107
<b>Excess revenue over expenditure</b>	<b>7.861</b>	<b>12.577</b>	<b>62</b>

### 8. Long-term liabilities

Structure of long-term liabilities of the Association, stated in the balance sheet as of 31.12.2020 is:

Description	2020	2019	Index
Prepaid (deferred) income	421.132	595.391	71
Pre-charged (deferred) income-depreciation	28.342	24.841	114
<b>Total:</b>	<b>449.474</b>	<b>620.232</b>	<b>72</b>

The total stated long-term accruals in the amount of 449,474 BAM refer to deferred revenues based on contracts, described earlier in the audit, in the amount of 421,132 BAM for contracted external financing, and deferred revenues that neutralize the effects of depreciation of assets received through donations (28,342 BAM).

### 9. Short-term liabilities

Structure of short-term liabilities of the Association, stated in the balance sheet as of 31.12.2020. is as follows:

Description	2020	2019	Index
Business card	989	-	-
<b>Total</b>	<b>989</b>	<b>-</b>	<b>-</b>

### Financial report to SIDA and pre-agreed procedures implemented

#### Basic support

Budget executions as in the SIDA Financial Statements (Basic Support)

Budget item	SIDA participation	Executions 2020	Remaining balance
1. Salaries	148.122	148.122	0
2. Office costs	19.894	19.589	305
3. Program costs	157.486	111.551	45.935
4. Capacity building	9.685	9.687	(2)
5. Other costs	31.354	27.392	3.962
<b>Total for period</b>	<b>366.541</b>	<b>316.341</b>	<b>50.200</b>
Tranche payment			279.686
Unspent fund 2019			86.855
Total spending 2020			-316.341
<b>Remaining funds</b>			<b>50.200</b>

**Additional funding**

Budget executions as in the SIDA Financial Statements (Additional financing)

<b>Budget item</b>	<b>SIDA participation</b>	<b>Executions 2020</b>	<b>Remaining balance</b>
1. Salaries	80.336	73.621	0
2. Office costs	6.812	5.735	278
3. HRL Academy	69.365	2.036	67.330
4. Study / research (intersex)	19.142	10.534	8.607
5. Study / research (SE position of LGBTI)	22.536	22.536	0
<b>Total for period</b>	<b>198.191</b>	<b>114.462</b>	<b>76.215</b>
Tranche payment			-
Unspent fund 2019			190.677
Total spending 2020			-114.462
<b>Remaining funds</b>			<b>76.215</b>

The stated executions refer to the expenses incurred through the activities of the association in the period from 1 January 2020 to 31 December 2020. We did not notice any facts on the basis of which we would believe that the amounts presented in the financial report for 2020, submitted to Sida, contain significantly misstatements.

**10. Internal control**

In accordance with the pre-agreed procedures, we carried out checks whether the costs related to staff remuneration are stated according to the project in a systematic way and can be verified on the basis of sufficient documentation.

We reviewed the procedures related to human resources, employment contracts, shifts, payroll records and reconciled them with the costs recorded in the general ledger and the budget item of human resources in budget executions. Based on our review, we believe that the association:

- Has an effective system in place and applies procedures consistently, to ensure that staffing costs are shown according to funding sources, in accordance with the agreed provisions;
- The documentation that records (based on the review of the same) the reported cost is sufficient and allows insight into the actual occurrence of the recorded cost and attribution to a particular activity;
- Considered the recommendations given in the previous audit and acted accordingly;
- Correctly stated the cost related to employment, copyright and work contracts, showing gross amounts (total cost), which include salaries and allowances, income tax, contributions and fees;



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- Adhered to procurement instructions, as shown in the annex to the contract with Sida.

**11. Events after the balance sheet date**

In the period from the balance sheet date to the date of approval of the financial statements for disclosure, no events were recorded that require the correction of the financial statements or whose disclosure in the financial statements is necessary.