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**ASSOCIATION  
SARAJEVO OPEN CENTRE**

**AUDIT OF FINANCIAL STATEMENTS FOR 2023**

**Sarajevo, March 2024**

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## 1. RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management of „Sarajevo Open Centre“ (hereinafter: the SOC) is required to prepare financial statements for the year ended December 31, 2023, in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), as well as local regulations confirming that the financial statements provide a true and fair view of the situation and the results of the financial operations of the Association in the reporting period.

Management of the SOC is responsible for establishing and maintaining proper accounting records which at any time disclose, with reasonable accuracy, the financial position of the SOC. Also, the management is responsible for ensuring that the financial statements are in compliance with the Law on Accounting and Audit of the Federation of Bosnia and Herzegovina. In addition, management is responsible for safeguarding the SOC's assets and for taking reasonable steps to prevent and detect fraud and other irregularities.

Management is responsible for selecting suitable accounting policies in conformity with applicable accounting standards and then applies them consistently; make judgments and estimates that are reasonable and prudent; and prepare the separate and consolidated financial statements on a going concern basis unless it is inappropriate to presume that the SOC will continue in business.

On behalf of Sarajevo Open Centre



Emina Bošnjak, Executive Director

Sarajevo, 04 March 2024



## **2. INDEPENDENT AUDITORS REPORT**

### ***To the Management of the Association 'Sarajevo Open Centre'* Report on the Audit of Annual Financial Statements<sup>1</sup>**

#### **Opinion**

We have audited the attached Annual Financial Statements of the Association 'Sarajevo Open Centre' (hereinafter: "SOC") which include the Balance Sheet and Income Statement as of December 31, 2023, including a summary of significant accounting policies.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the SOC as of December 31, 2023, and its financial success, is in accordance with the Law on Accounting and Auditing FBiH and International Financial Reporting Standards (IFRS).

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statement section of our report. We are independent of the 'Sarajevo Open Centre', in accordance with the ethical requirements that are relevant to our audit of the financial report in Bosnia and Herzegovina, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained are sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Management and Those Charged with Governance for the financial Statement**

Management is responsible for the preparation and fair presentation of the financial report in accordance with IFRSs and for such internal control as management determines are necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing SOC's ability to continue as a going concern, disclosing, if applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate Association or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing SOC's financial reporting process.

#### **Auditor's Responsibilities for the Audit of Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

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<sup>1</sup> Including financial statement on budget execution of SIDA core funding

We also:

- Identify and assess the risks of material misstatements of the financial statement, whether due to fraud or error, design and perform audit procedures responding to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Associations controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the SOC to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

### Report on other legal requirements

Report based on the requirements of the Law on Accounting:

1. In our opinion, based on the work we performed during the audit, the information in the attached operation report of the SOC for year 2023 is in accordance with the attached annual financial reports of the SOC for year 2023.
2. In our opinion, based on the work performed during the audit, the accompanying operation reports of the SOC for year 2023 were prepared in accordance with the Accounting Law.
3. Based on the knowledge and understanding of the operations of the Association and its environment gained through the audit, we did not find that there are significant misstatements in the attached report of the SOC's operations.

Sarajevo, March 12, 2024

**NGO and Business Audit d.o.o Sarajevo**



**Ismeta Čardaković, Director**  
Authorized auditor  
License No. 300515226





**Šejla Jakupović,**  
Authorized auditor  
License No. 3090060231

### 3. FINANCIAL REPORTING

All amounts in this report are presented in BAM unless otherwise stated.

#### FINANCIAL REPORTS

##### 3.1. Statement of financial position - Balance Sheet

<i>Number</i>	<i>ITEM</i>	<i>Current year 2023</i>	<i>Previous year 2022</i>	<i>Notes</i>
	<b>ASSETS</b>			
<b>A.</b>	<b>FIXED ASSETS</b>	<b>65.007</b>	<b>63.212</b>	<b>1</b>
1.	Property, plant and equipment	60.507	58.710	1.1.
2.	Intangible fixed assets	0	0	
3.	Investments in investment properties	0	0	
4.	Intangible assets	0	2	
5.	Biological assets	0	0	
6.	Financial assets and investments	4.500	4.500	1.2.
7.	Other assets and receivables, including accruals	0	0	
<b>B.</b>	<b>CURRENT ASSETS</b>	<b>158.031</b>	<b>552.845</b>	<b>2</b>
1.	Inventories	0	0	
2.	Long-term assets intended for sale	0	0	
3.	Financial assets	0	39.115	
4.	Cash and cash equivalents	152.794	452.018	2.1.
5.	VAT receivables	5.237	3.188	2.2.
6.	Other assets and receivables, including accruals	0	58.524	
	<b>TOTAL ASSETS</b>	<b>223.038</b>	<b>616.057</b>	
	<b>CAPITAL AND LIABILITIES</b>			
<b>A.</b>	<b>CAPITAL</b>	<b>58.050</b>	<b>64.959</b>	<b>3</b>
1.	Capital	0	0	
2.	Reserves	0	0	
3.	Revaluation reserves	0	0	
4.	Retained earnings	58.050	64.959	
5.	Retained losses	0	0	
<b>B.</b>	<b>LONG-TERM LIABILITIES</b>	<b>164.750</b>	<b>550.887</b>	<b>4</b>
1.	Financial liabilities	0	0	
2.	Deferred Income	164.750	550.887	
3.	Other liabilities, including provisions and accruals	0	0	
<b>C.</b>	<b>SHORT-TERM LIABILITIES</b>	<b>238</b>	<b>211</b>	<b>5</b>
1.	Financial liabilities	238	211	5.1.
2.	Deferred income	0	0	
3.	VAT payables	0	0	
4.	Other liabilities, including provisions and accruals	0	0	
	<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>223.038</b>	<b>616.057</b>	

### 3.2. Statement of comprehensive income - Profit and Loss Statement

<i>Number</i>	<i>ITEM</i>	<i>Current year 2023</i>	<i>Previous year 2022</i>	<i>Notes</i>
	<b>REVENUES</b>			<b>6</b>
1.	Membership fees	660	620	
2.	Budgetary revenues	0	0	
3.	Humanitarian revenues	1.170.488	1.002.405	
4.	Own-source revenues	7.509	48.659	
5.	Financial Revenues	0	0	
6.	Other revenues	8.680	10.092	
<b>A.</b>	<b>Total revenues</b>	<b>1.187.337</b>	<b>1.061.776</b>	
	<b>EXPENDITURES</b>			<b>7</b>
1.	Material and energy	10.990	9.896	
2.	Salaries and other allowances	796.363	667.010	
3.	Depreciation	17.307	13.786	
4.	Services	353.301	337.203	
5.	Humanitarian expenses	1.075	2.200	
6.	Financial expenses	0	9.905	
7.	Other expenses	15.209	16.277	
<b>B.</b>	<b>Total expenditures</b>	<b>1.194.245</b>	<b>1.056.277</b>	
<b>C.</b>	<b>Surplus revenues</b>	<b>0</b>	<b>5.499</b>	
<b>D.</b>	<b>Surplus expenditures</b>	<b>6.908</b>	<b>0</b>	
<b>E.</b>	<b>Other revenues and expenditures</b>	<b>0</b>	<b>0</b>	
<b>F.</b>	<b>Total excess of income over expenditure</b>	<b>0</b>	<b>5.499</b>	
<b>G.</b>	<b>Total excess of expenditure over income</b>	<b>6.908</b>	<b>0</b>	

## 4. REPORTING ENTITY

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.

### 4.1 Association Profile

- Name: Sarajevo Open Centre (SOC)
- Main Office: Bosnia and Herzegovina, Sarajevo, 71000 Podgaj 14
- 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. UP09-07-1-1979/20 dated December 04, 2020
- SOC Executive Director: Emina Bošnjak

### 4.2. Management and Supervision

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

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

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

The work of the Governing Board is defined by the Regulations on work of the Governing Board 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, and 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.

#### **4.3. General Policies and Procedures**

The Sarajevo Open Centre general policies and procedures include:

- The Statute,
- Labor Rulebook,
- Accounting Rulebook,
- Rulebook on procurement,
- Rulebook on financial management,
- Rulebook on petty cash operations,
- Rules on management of fixed assets,
- Rulebook on accounting policies,
- Rulebook on document management system,
- Rulebook on solidarity fund,
- Rulebook on clan association,
- Rulebook on remuneration of workers,
- Rulebook on sub-granting,
- Rules of procedure of the assembly,
- Rules of procedure of the Board of Directors.

#### **4.4. Sources of Funding**

The SOC obtains funding for its activities through a competitive bidding for donor-supported projects (local and international) available for project activities under contractual terms and conditions. All the projects are implemented subject to agreements and project documents approved by the donors.

## 5. AUDIT OBJECTIVE AND METHODOLOGY

The objective of audit of the year 2023 financial statements 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 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 SOC reporting.

Our approach is tailored to the specific needs of the SOC and is 'risk-based'. The size of the tests is 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 2023 financial statements are free from material misstatement.

The audit involves 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

## 6. AUDITOR'S NOTES

### Note 1. Fixed Assets (BAM 65.007)

#### Note 1.1. Intangible and tangible fixed assets (BAM 60.507)

No.	Item	Year 2023	Year 2022
<b>A.</b>	<b>FIXED ASSETS</b>	<b>65.007</b>	<b>63.210</b>
1.	Property, plant and equipment	60.507	58.710
6.	Financial assets and investments	4.500	4.500

The fixed assets are recorded at their historical cost and adjusted by accumulated depreciation. The accounting records disclose the value of intangible assets, vehicles and tangible assets - equipment of the Sarajevo Open Centre as presented in the table below:

Description	Intangible assets - license	Equipment						Total
		Vehicles	Photo and video equipment	IT equipment	Printers and scanners	Office equipment	Other equipment	
<b>Nett amount</b>								
As of January 01 <sup>st</sup> 2023	2.389	27.449	7.141	44.443	2.060	21.917	14.198	119.597
Increase-Decrease	0	0	1.458	4.420	3.323	9.477	1.455	20.133
Written off assets	0	0	0	-3.319	0	-220	0	-3.539
<b>Balance as of December 31<sup>st</sup> 2023</b>	<b>2.389</b>	<b>27.449</b>	<b>8.599</b>	<b>45.544</b>	<b>5.383</b>	<b>31.174</b>	<b>15.653</b>	<b>136.191</b>
<b>Depreciation</b>								
As of January 01 <sup>st</sup> 2023	2.387	5.147	6.802	25.469	1.570	8.061	11.450	60.884
Changes -/+	0	0	0	-2.373	0	-134	0	-2.507
Depreciation	2	4.117	375	7.321	724	4.165	603	17.307
<b>Depreciation as of December 31<sup>st</sup> 2023</b>	<b>2.389</b>	<b>9.264</b>	<b>7.176</b>	<b>30.416</b>	<b>2.294</b>	<b>12.092</b>	<b>12.053</b>	<b>75.684</b>
<b>Total as of January 01<sup>st</sup> 2023</b>	<b>2</b>	<b>22.302</b>	<b>339</b>	<b>18.974</b>	<b>491</b>	<b>13.856</b>	<b>2.748</b>	<b>58.713</b>
<b>Total as of December 31<sup>st</sup> 2023</b>	<b>0</b>	<b>18.185</b>	<b>1.422</b>	<b>15.128</b>	<b>3.090</b>	<b>19.082</b>	<b>3.600</b>	<b>60.507</b>

Table – Fixed Assets after Depreciation

a) In the year 2023 total increase of fixed assets value was recorded in amount of BAM 20.133. This increase relates to newly purchased assets: Office equipment in amount of BAM 9.477, IT equipment in amount of BAM 4.420, printers and scanners in amount of BAM 3.323, photo and video equipment in amount of BAM 1.458, and the remaining part relates on other equipment (mobile phones) in amount of BAM 1.455.

b) Pursuant to Decision no. O-19/23 on write-off of donated equipment, SOC removed equipment worth BAM 2.373 from the inventory. Pursuant to Decision no. O-04/24 on write-off due to technical malfunction of fixed assets, SOC removed equipment worth BAM 134 from the inventory.

c) Depreciation of fixed assets in 2023 was in amount of BAM 17.307 (as defined in Income statement). The depreciation rate is aligned to the highest non-taxable rates pursuant to the Law on profit tax Federation BiH.

### Note 1.2. Long-term accruals (BAM 4.500)

<b>No.</b>	<b>ASSETS</b>	<b>Year 2023</b>	<b>Year 2022</b>
6.	Financial assets and investments	4.500	4.500
	<i>Office lease deposit</i>	<i>2.500</i>	<i>2.500</i>
	<i>Business card deposit</i>	<i>2.000</i>	<i>2.000</i>

On the account long-term receivables is disclosed amount of BAM 4.500, whereas the amount of BAM 2.500 represents prepaid lease expense for office space and amount of BAM 2.000 paid as deposit to Raiffeisen Bank for the purpose of issuing a business card with approved limit.

### Note 2. Current Assets (BAM 158.031)

The SOC current assets as at December 31, 2023 comprise of cash and cash equivalents, receivables and other receivables as shown below:

<b>No.</b>	<b>Item</b>	<b>Year 2023</b>	<b>Year 2022</b>
<b>B.</b>	<b>CURRENT ASSETS</b>	<b>158.031</b>	<b>552.845</b>
3.	Financial assets	0	39.115
4.	Cash and cash equivalents	152.794	452.018
5.	VAT receivables	5.237	3.188
6.	Other assets and receivables, including accruals	0	58.524

### Note 2.1. Cash and cash equivalents (BAM 152.794)

<b>4.</b>	<b>Cash and cash equivalents</b>	<b>Dec. 31 2023</b>	<b>Dec. 31 2022</b>
4.1.	<i>Cash on hand</i>	0	166
4.2.	<i>Bank account and current accounts</i>	152.794	451.852
	<b>TOTAL</b>	<b>152.794</b>	<b>452.018</b>

### Detailed list of Cash and cash equivalents:

<b>No.</b>		<b>Dec. 31 2023</b>	<b>Dec. 31 2022</b>
<b>4.2.</b>	<b>Bank Account and Current Accounts</b>	<b>152.794</b>	<b>451.852</b>
	Bank account GENERAL 095	19.193	347.196
	Bank account 483- SOC solidarity fund	54.878	61.786
	Bank account 871- HRF	78.723	42.871
	Bank account 065- MATRA	0	0
<b>4.1.</b>	<b>Petty cash</b>	<b>0</b>	<b>166</b>
	<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>152.794</b>	<b>452.018</b>

SOC 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 31, 2023 disclose the same balance as that in the general ledger.

The cash-on-hand account as of December 31, 2023 reflects the same balance as the latest cash-on-hand statement.

SOC performed inventory of funds and cash count as of 31.12.2023 and there were no differences compared to accounting value registered in General ledger.

### Note 2.2. VAT Receivables (BAM 5.237)

No.	Item	Year 2023	Year 2022
5.	VAT refund	5.237	3.188

Under the donation agreement signed with USAID for project funding, SOC is entitled to reclaim VAT paid on eligible expenses financed from these funds. The VAT receivable accrued pursuant to the agreement provisions amount to BAM 5.237.

### Note 3. Retained Earnings (BAM 58.050)

The Balance Sheet, as of December 31, 2023, discloses an accumulated surplus of earnings from previous years in the amount of BAM 58.050, which is decreased by the surplus of expenses over income from the current year.

No.	CAPITAL AND LIABILITIES	Year 2023	Year 2022
<b>A.</b>	<b>CAPITAL</b>	<b>58.050</b>	<b>64.959</b>
4.	Retained earnings	58.050	64.959

### Note 4. Long-term Liabilities (BAM 164.750)

No.	Item	Year 2023	Year 2022
<b>B.</b>	<b>LONG-TERM LIABILITIES</b>	<b>164.750</b>	<b>550.887</b>
2.	Deferred Income	164.750	550.887
	Prepaid (deferred) income	104.243	492.174
	Prepaid (deferred) income-depreciation	60.507	58.713

As of December 31, 2023, Long-term accruals and provisions are recorded in the amount of BAM 164.750.

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

The total stated long-term accruals in the amount of 164.750 BAM refer to deferred revenues based on contracts, described above, in the amount of 104.243BAM for contracted external financing, and deferred revenues that neutralize the effects of depreciation of assets received/purchased through donations (60.507 BAM).

### Note 5. Short-term Liabilities (BAM 238)

The structure of Short-term liabilities is as below:

No.	Item	Year 2023	Year 2022
<b>C.</b>	<b>SHORT-TERM LIABILITIES</b>	<b>238</b>	<b>211</b>
1.	Financial liabilities	238	211

Account 30-Current liabilities relate to liabilities toward vendors incurred in year 2023, in this case liabilities towards Business card expenses.

## Note 6. Revenues (BAM 1.187.337)

The SOC total revenues for 2023 amount to BAM 1.187.337 and comprise of:

No.	ITEM	Amount in 2023
	<b>REVENUE</b>	<b>1.187.337</b>
1	Membership fee	660
2	Humanitarian revenue	1.170.488
3	Own sources revenues	7.509
4	Other revenues	8.680

	<i>Revenue per projects</i>		Amount in 2023
<b>1</b>	<b>Membership fee</b>		<b>660</b>
<b>2</b>	<b>Humanitarian revenues - per donors (project name and donor)</b>		<b>1.170.488</b>
	Sarajevo Open Centre General Budget	SOC	61
	EIDHR - Regionalising LGBTI inclusive psychosocial support and access to mental health services in BiH	European Union/EIDHR	15.988
	Equality Fund Core Funding	Equality Fund	22.143
	OSFBIH - Promocija i zaštita prava LGBTIQ osoba i žena u Bosni i Hercegovini	Open Society Fund BiH (OSFBIH)	185.740
	Jačanje društveno-političkog položaja LGBTIQ osoba u BiH	USAID/INSPIRE	118.789
	Safe Action Abortion Fund	SAAF - Safe Action Abortion Fund	66.603
	SIDA Core funding for 2023	Swedish International Development Cooperation Agency (SIDA)	404.019
	SRT 2023_2	Sigrid Rausing Trust	175.003
	Reversing the Scales - Placing Human Rights of LGBTI on Parliamentary Agenda	Dutch Embassy Sarajevo/Human Rights Fund	41.086
	Equality Fund Core Funding	Equality Fund	115.157
	Translation of the WPATH Standards of Care into the BCS	kolekTIRV Hrvatska	3.650
	Study on gender-related issues in the urban mobility sector in Sarajevo with recommendations for improvements	Bankwatch	3.912
	Depreciation and assets write-off		18.339
<b>3</b>	<b>Own-source revenue</b>		<b>7.509</b>
	Own-source revenue		7.509
<b>4</b>	<b>Other revenue</b>		<b>8.680</b>
	Interest income		1.151
	Solidarity Fund income		7.529
	<b>TOTAL REVENUE</b>		<b>1.187.338</b>

Humanitarian revenues for the year 2023 are disclosed in amount of BAM 1.187.337. Humanitarian revenues are received under the donations for project activities funded by local and international donors. Such incomes are aimed for funding and supporting planned project activities, as designated and approved by the donor's contracts and budgets.

In 2023 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 and reporting. Project financial reports are prepared for each project in the periods as defined by Grant Agreements signed with donors. Simultaneously, all transactions are recorded into a general ledger maintained by an external accounting agency.

The project books are in compliance with the general ledger and financial statements prepared by the external accounting agency.

SOC's own-source revenue for year 2023 amounts to BAM 7.509. It represents SOC's income earned from its own activities, and based on issued invoices to third parties.

The other Revenue category comprises other extraordinary revenues for the fiscal year 2023 in the amount BAM 8.680. This amount mostly comprises Solidarity Fund income, which is revenues from suspension from net earnings based on work contracts and copywrite agreements in the amount of 3%, and net salaries in the amount of 1%.

#### **Note 7. Expenses (BAM 1.194.246)**

Total expenses for the period January 1-December 31, 2023, amount to BAM 1.194.246, as shown in table below:

<b>No.</b>	<b>Expenditures</b>	<b>Amount in 2023</b>
1	Material and energy	10.990
2	Services	353.301
3	Salaries and other allowances	796.364
4	Depreciation	17.307
5	Financial expenses	0
6	Travel expenses	5.609
7	Humanitarian expenses	1.075
8	Taxes and Contributions not based on business performance	4.555
9	Other expenses	5.045
	<b>TOTAL EXPENDITURES</b>	<b>1.194.246</b>

Salaries and other allowances, as presented in table above (BAM 796.364) do not include amounts disbursed to employees based on employment contract only (BAM 562.801), but also amounts disbursed to service providers on the basis of service and copywrights agreements as well (BAM 233.563).

#### Note 8. Financial result (BAM -6.908)

<i>Description</i>	<i>Year 2023</i>	<i>Year 2022</i>
Total revenues	1.187.337	1.061.776
Total expenditures	1.194.245	1.056.277
Surplus revenues		<b>5.499</b>
Surplus Expenditures	<b>6.908</b>	0

At the end of the fiscal year 2023, the Sarajevo Open Centre reported surplus of expenditures over revenues of BAM 6.908. The excess of expenditure over income refers to the utilization of funds from the SOC's own fund.

#### Note 9. Additional assignment - agreed-upon procedures (ISRS 4400)

In addition to Auditor's report, auditor is obliged to perform additional assignments that include an engagement to perform agreed-upon procedures regarding financial information, according to ISRS 4400.

Performed procedures are listed in Sida's standard terms of reference for annual audit of project/programme support to NGOs and are stated below:

- Follow up whether salary costs debited to the project/programme are recorded throughout the duration of the year in a systemized way and examine whether the salary costs can be verified by sufficient supporting documentation.
- Based on materiality and risk the auditor shall examine whether there is supporting documentation related to incurred costs.
- Follow up whether Sarajevo Open Centre has implemented recommendations from the assessment of internal control. The examination includes reviewing whether Sarajevo Open Centre has implemented the action points as described in Sarajevo Open Centre's management response that has been submitted to Sida.
- Sarajevo Open Centre's compliance with the applicable tax legislation regarding taxes and social security fees.
- Follow up whether Sarajevo Open Centre has adhered to the procurement guidelines annexed to the agreement.

We have made the following observations:

- We obtained sufficient appropriate verification evidence as to whether the expenditure has incurred by and pertains to the Implementing organization. We examined supporting documentation i.e. invoices, contracts, bank statements, payroll slips etc.
- 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 year 2023 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 year 2023 is supported by adequate accounting documentation.
- There is a proper cost share system of recording common costs supported by different donor's funds and they are supported by adequate documentation.
- Declared expenditures are adequate, related to the Projects 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.

The funds are used in accordance with the regulations and Donors agreements, and for purposes as defined in each project document.

**No factual findings have arisen from these procedures.**

## **Note 9. Suitable accounting policies**

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

The financial statements and the accompanying notes are presented in BAM. The SOC has adopted the Rulebook on Accounting and Accounting Policies, but also complies with applicable legislation.

When necessary, the SOC regulates the accomplishment of business activities by decisions.

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

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

### **Revenue Recognition**

#### *Revenue from services*

Revenue from services is recognised in the income statement in proportion to the stage of completion of the transaction at the reporting date.

#### *Revenue from donations*

Contributions are initially recognised as deferred income and subsequently released as income in the period to which the related expenses are incurred or the costs that the contributions are intended to compensate are incurred.

### **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.

### **Tangible Fixed Assets**

#### *Recognition and measurement*

Fixed assets are recognized as 'at cost' value in case it is expected that the future economic benefits will inflow into the association. Cost value is determined either based on an invoiced amount or direct cost that can be allocated to the particular asset procurement.

The depreciation rate is aligned to the highest non-taxable rates pursuant to the Law on profit tax Federation BiH.

Impairment of assets is tested once a year in accordance with IAS 36.

#### *Subsequent expenditure*

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### *Depreciation*

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant, and equipment. Land and assets under construction are not depreciated. The estimated useful lives are as follows:

<i>Office supplies</i>	<i>5 to 7 years</i>
<i>IT equipment</i>	<i>3 to 5 years</i>
<i>Motor vehicles</i>	<i>5 years</i>

Depreciation method useful lives and residual values are reassessed at each reporting date.

### **Intangible assets**

Intangible assets are measured initially at cost. After initial recognition, other intangible assets are carried at its costs, less any accumulated amortisation and any accumulated impairment losses.

#### *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

#### *Depreciation*

Depreciation is recognised in profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful life for the current and comparative period is as follows:

Software	5 years
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The depreciation method, useful lives, and residual values are reassessed at each reporting date.

### **Inventories**

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

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

Small inventory includes items with a useful life less than one year, and inventory items with a useful life over one year and the unit cost of less than BAM 250.

Small inventory is written off when put to use, applying a 100% write-off method, and removed from the books at the point of disposal.

### **Accounts Receivable**

Receivables from customers, government and government institutions, employees and other legal and physical entities are recorded in business books and financial statements based upon a valid document

sufficient to prove the event occurrence and its value. The reconciliation of accounts receivable is required in case of receivables past due.

### **Cash and Cash Equivalents**

Cash comprises cash on hand and demand deposits.

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

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

Under IAS 7, cash comprises:

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

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

### **Accounts Payable**

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

### **Accruals**

Short-term accruals comprise:

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

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

### **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.

### **Provisions**

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

## Taxes

The SOC is a not-for-profit organization and as such is exempt from income tax, since SOC receives funds from other legal entities, i.e. different donors who support SOC project activities. Pursuant to applicable legislation, associations and foundations are relieved of filing tax declaration and paying income taxes and are exempted from this duty for the types of income as defined by law (revenues from the budget and public funds of the state and all other levels of government, sponsorships, donations in money and goods, or transfer of goods.) For the income arising from the performing of any commercial services, non-profit entities become profit taxpayers for this segment of operations only. This implies the obligation of income tax, all accompanying documentation and payment of taxes, including payment of monthly tax advances in the future. For the part of income arising from performing commercial activities in year 2023, SOC prepared and filed tax balance and complied with all provisions as defined by Law.

## 7. 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 SOC 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 SOC's performance efficiency (quality, resources use efficiency), reliability of financial reporting and compliance of procedures applied with applicable laws and regulations.

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

Audits procedures revealed that:

- written policies and procedures exist,
- internal accounting controls governing overall accuracy of documents (crucial, formal, instances of miscalculation), exist,
- employees are familiar with all the policies,
- employee performance evaluation policies exist,
- all employees meet qualification and competency requirements,
- segregation of duties within a department, administrative management and accounting exist,
- all assets are safeguarded,
- clearly defined organizational structure and precisely assigned authorities and responsibilities exist,
- annual action plan and budget approval practice exists,
- regular reporting system is established, etc.

The above policies and procedures have been developed and applied in compliance with the defined guidelines for establishing and strengthening internal control systems aimed at ensuring control procedures for managing and spending donor funds. The prescribed policies and procedures are integrated within SOC's overall business activities. The audit obtained reasonable assurance that the SOC internal control system is reliable and sufficient for the mission implementation, asset safeguarding and compliance with all statutory provisions and other policies and procedures applicable to this area.

## 8. ACKNOWLEDGEMENT

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

Sarajevo, March 12, 2024

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

*I. Čardaković*

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Ismeta Čardaković, Director  
Authorized auditor



## **SARAJEVO OPEN CENTER (SOC)**

Podgaj 14  
71000 Sarajevo  
Bosnia and Herzegovina

**Our ref: IP-09/24**

**Attn. Emina Bošnjak**

## **Management letter for the audit of the annual financial reports for year 2023**

### **1. Introduction and objectives of the audit**

We have audited the accompanying financial statements of the SOC as at December 31, 2023. These financial statements are the responsibility of the SOC 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.

### **2. Scope of the audit and audit approach**

The objective of the 2023 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 SOC 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 2023 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.

### **3. Summary of our findings**

#### *3.1 Significant Observations on the Activity Covered by the Report*

Following our procedures, we did not identify any significant findings.

#### *3.2. Previous auditor Recommendation*

No previous recommendations were defined.

#### 4. Final Conclusion

There is reasonable assurance that the SOC has adequately implemented projects activities and as a result we did not identify any major weaknesses in the accounting and internal controls system.

Sarajevo, March 12, 2024

*I. Čardaković*



Ismeta Čardaković, Licensed Auditor

NGO and Business Audit d.o.o. Sarajevo