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**ASSOCIATION
SARAJEVO OPEN CENTRE**

AUDIT OF FINANCIAL STATEMENTS FOR 2025

Sarajevo, March 2026

CONTENTS		Page
1	RESPONSIBILITY FOR FINANCIAL STATEMENTS	3
2	INDEPENDENT AUDITOR'S REPORT	4
3	FINANCIAL REPORTING	6
4	REPORTING ENTITY	8
5	AUDITOR'S NOTES	10
	Note 1: Fixed Assets	10
	Note 2: Current Assets	11
	Note 3: Retained Earnings	12
	Note 4: Long-term Liabilities	12
	Note 5: Short-term Liabilities	12
	Note 6: Revenues	13
	Note 7: Expenses	15
	Note 8: Financial result	16
	Note 9: Sida - Core grant	16
	Note 10: Suitable accounting policies	17
6	INTERNAL CONTROL SYSTEM	21
7	ACKNOWLEDGEMENT	22
	Annex 1 Management letter	

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, 2025, 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, 27 February 2026



2. INDEPENDENT AUDITORS REPORT

To the Management of the Association 'Sarajevo Open Centre' Report on the Audit of Annual Financial Statements¹

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, 2025, 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, 2025, 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 Charges 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 skepticism throughout the audit.

¹ 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 2025 is in accordance with the attached annual financial reports of the SOC for year 2025.
2. In our opinion, based on the work performed during the audit, the accompanying operation reports of the SOC for year 2025 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.

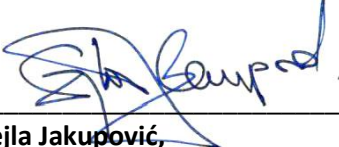
Sarajevo, March 26, 2026

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 2025</i>	<i>Previous year 2024</i>	<i>Notes</i>
	ASSETS			
A.	FIXED ASSETS	65.516	77.290	1
1.	Property, plant and equipment	56.220	72.185	1.1.
2.	Intangible fixed assets	-	-	
3.	Investments in investment properties	-	-	
4.	Intangible assets	4.796	605	
5.	Biological assets	-	-	
6.	Financial assets and investments	4.500	4.500	1.2.
7.	Other assets and receivables, including accruals	-	-	
B.	CURRENT ASSETS	476.157	235.214	2
1.	Inventories	-	-	
2.	Long-term assets intended for sale	-	-	
3.	Financial assets	16	-	2.2.
4.	Cash and cash equivalents	476.141	229.649	2.1.
5.	VAT receivables	-	5.565	
6.	Other assets and receivables, including accruals	-	-	
	TOTAL ASSETS	541.673	312.504	
	CAPITAL AND LIABILITIES			
A.	CAPITAL	76.752	62.311	3
1.	Capital	-	-	
2.	Reserves	-	-	
3.	Revaluation reserves	-	-	
4.	Retained earnings	76.752	62.311	
5.	Retained losses	-	-	
B.	LONG-TERM LIABILITIES	464.915	249.917	4
1.	Financial liabilities	-	-	
2.	Deferred Income	464.915	249.917	
3.	Other liabilities, including provisions and accruals	-	-	
C.	SHORT-TERM LIABILITIES	6	276	5
1.	Financial liabilities	6	276	5.1.
2.	Deferred income	-	-	
3.	VAT payables	-	-	
4.	Other liabilities, including provisions and accruals	-	-	
	TOTAL LIABILITIES AND CAPITAL	541.673	312.504	

3.2. Statement of comprehensive income - Profit and Loss Statement

<i>Number</i>	<i>ITEM</i>	<i>Current year 2025</i>	<i>Previous year 2024</i>	<i>Notes</i>
	REVENUES			6
1.	Membership fees	360	360	
2.	Budgetary revenues	-	-	
3.	Humanitarian revenues	1.161.124	1.311.207	
4.	Own-source revenues	5.424	7.120	
5.	Financial Revenues	-	-	
6.	Other revenues	14.806	6.956	
A.	Total revenues	1.181.714	1.325.643	
	EXPENDITURES			7
1.	Material and energy	7.408	5.476	
2.	Salaries and other allowances	763.996	847.332	
3.	Depreciation	30.263	21.477	
4.	Services	340.238	428.296	
5.	Humanitarian expenses	-	2.787	
6.	Financial expenses	-	15	
7.	Other expenses	25.368	16.000	
B.	Total expenditures	1.167.273	1.321.383	
C.	Surplus revenues	14.441	4.260	
D.	Surplus expenditures	-	-	
E.	Other revenues and expenditures	-	-	
F.	Total excess of income over expenditure	14.441	4.260	
G.	Total excess of expenditure over income	-	-	

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 publicly 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 the 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 : 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. Besides this the

Executive Director guarantees the quality of work and respect of the highest standards when it comes to finances, transparency, anti-corruption measures and human resources.

In the organization, there is a 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 in accordance with signed agreements and project documents approved by the donors.

5. AUDITOR'S NOTES

Note 1. Fixed Assets (BAM 65.516)

Note 1.1. Intangible and tangible fixed assets (BAM 65.516)

No.	Item	Year 2025	Year 2024
A.	FIXED ASSETS	65.516	77.290
1.	Property, plant and equipment	56.220	72.185
4.	Intangible fixed assets	4.796	605
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	
Nett amount								
As of January 01 st 2025	3.115	27.449	19.554	63.082	4.798	31.264	15.405	164.667
Increase-Decrease	5.581		974	10.679	2.711		(1.455)	18.489
Written off assets				(1.921)			-	(1.921)
Balance as of December 31st 2025	8.696	27.449	20.528	71.840	7.509	31.264	13.950	181.235
Depreciation								
As of January 01 st 2025	2.510	13.381	7.971	36.065	3.043	16.079	12.827	91.877
Changes -/+				(1.921)				(1.921)
Depreciation	1.390	4.117	2.018	16.937	1.859	3.929	13	30.263
Depreciation as of December 31st 2025	3.900	17.498	9.990	51.081	4.902	20.008	12.840	120.219
Total as of January 01st 2025	605	14.068	11.582	27.017	1.755	15.185	2.578	72.790
Total as of December 31st 2025	4.796	9.951	10.538	20.758	2.607	11.256	1.110	61.016

Table – Fixed Assets after Depreciation

a) In the year 2025 the total increase of fixed assets value was recorded in the amount of BAM 18.489. This increase relates to newly purchased assets: Licenses in the amount of BAM 5.581, Photo and video equipment in the amount of BAM 974, IT equipment in amount of BAM 10.679 and the remaining part relates on Printer and scanners in a amount BAM of 2.711.

b) Pursuant to Decision no. O-04/26 report on the inventory of fixed assets and write-off due to technical malfunction of fixed assets, SOC removed equipment worth BAM 1.921 from the inventory.

c) Depreciation of fixed assets in 2025 was in amount of BAM 30.263 (as defined in Income statement). The depreciation rate is aligned to the non-taxable rates pursuant to the Law on profit tax Federation BiH.

Note 1.2. Long-term accruals (BAM 4.500)

No.	ASSETS	Year 2025	Year 2024
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 represents deposit paid to Raiffeisen Bank for the purpose of issuing a business card with approved limit.

Note 2. Current Assets (BAM 476.157)

The SOC current assets as at December 31, 2025 comprise of cash and cash equivalents, receivables and other receivables as shown below:

No.	Item	Year 2025	Year 2024
B.	CURRENT ASSETS	476.157	235.214
3.	Financial assets	16	-
4.	Cash and cash equivalents	476.141	229.649
5.	VAT receivables	-	5.565

Note 2.1. Cash and cash equivalents (BAM 476.141)

No.	Item	Year 2025	Year 2024
4.	Cash and cash equivalents	476.141	152.794
4.1.	<i>Cash on hand</i>	<i>18</i>	<i>-</i>
4.2.	<i>Bank accounts and current accounts</i>	<i>476.123</i>	<i>152.794</i>

Detailed list of Cash and cash equivalents:

No.	Item	Year 2025	Year 2024
4.1.	Petty cash	18	150
4.2.	Bank Account and Current Accounts	476.123	229.499
	Bank account 095 - GENERAL	402.542	92.569
	Bank account 483 - SOC solidarity fund	73.581	59.140
	Bank account 871 - USAID	-	30.843
	Bank account 259 - HRF	-	42.094
	Bank account 356 - COE	-	4.854
	TOTAL CASH AND CASH EQUIVALENTS	476.141	229.649

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, 2025 disclose the same balance as that in the general ledger.

The cash-on-hand account as of December 31, 2025 reflects the same balance as the latest cash-on-hand statement.

SOC performed inventory of funds and cash count as of 31.12.2025 and there were no differences compared to accounting value registered in General ledger.

Note 3. Retained Earnings (BAM 76.752)

The Balance Sheet, as of December 31, 2025, discloses an accumulated surplus of earnings from previous years in the amount of BAM 76.752, which is increased by the surplus of income over expenses from the current year.

No.	CAPITAL AND LIABILITIES	Year 2025	Year 2024
A.	CAPITAL	76.752	62.311
4.	Retained earnings	76.752	62.311

Note 4. Long-term Liabilities (BAM 464.915)

No.	Item	Year 2025	Year 2024
B.	LONG-TERM LIABILITIES	464.915	249.917
2.	Deferred Income	464.915	249.917
	<i>Prepaid (deferred) income</i>	<i>403.899</i>	<i>177.127</i>
	<i>Prepaid (deferred) income-depreciation</i>	<i>61.016</i>	<i>72.790</i>

As of December 31, 2025, Long-term accruals and provisions are recorded in the amount of BAM 464.915.

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 403.899 BAM refer to deferred revenues based on contracts described above, and deferred revenues that neutralize the effects of depreciation of assets received/purchased through donations (61.016 BAM).

Note 5. Short-term Liabilities (BAM 6)

The structure of Short-term liabilities is as below:

No.	Item	Year 2025	Year 2024
C.	SHORT-TERM LIABILITIES	6	276
1.	Financial liabilities	6	276

Account 30 - *Current liabilities* relate to liabilities toward vendors incurred in the year 2025, in this case liabilities towards Business card expenses.

Note 6. Revenues (BAM 1.181.714)

The SOC total revenues for 2025 amount to BAM 1.181.714 and comprise of:

No.	ITEM	Amount in 2025
	REVENUE	1.181.714
1	Membership fee	360
2	Humanitarian revenue	1.161.124
3	Own sources revenues	5.424
4	Other revenues	14.806

	Revenue per projects	Amount in 2025
1	Membership fee	360
2	Humanitarian revenues - per donor (project name and donor)	1.161.124
	Sarajevo Open Centre General Budget	2.904
	Safe Action Abortion Fund	15.864
	Reversing the Scales - Placing Human Rights of LGBTI on Parliamentary Agenda	45.124
	Equality Fund Core Funding	117.609
	CEI support to DATA ROL	3.300
	Protected Within Four Walls: Combating Domestic Violence Against LGBTIQ People in BiH	141.471
	USAID 2024_06 Suprotstavljanje nasilju i govoru mržnje u online prostoru nad LGBTIQ+ osobama u BiH	5.261
	Empowerment of the LGBTIQ community through psychosocial support	3.557
	Orange report/Narandzasti izvjestaj	4.830
	2025_01 SIDA core funding	378.422
	SRT - Sigrid Rausing Trust - Core Funding	232.329
	Rainbow Advocacy Program UPR Coalition for Bosnia and Herzegovina	11.030
	2025_05 SAAF	62.316
	2025_07 Break the Silence: Enhancing Women's Safety in Public Transport in Sarajevo	16.347
	2025_08 SOC UP!	40.453
	Toward Safety and Solidarity: Developing a Support Program for Human Rights Defenders and a Platform for Joint Advocacy in Southeast Europe	13.691
	H2H House-to-House project "Integrating Rights: Reforming Civil Society for EU Accession	32.956
	Fond za zajedničko pisanje projekata	1.634
	Empowerment of the LGBTIQ Community through Psychosocial Support	36
	Freedom of Assembly	1.727
	Depreciation	30.263
3	Own-source revenue	5.424
	Own-source revenue	5.424
4	Other revenue	14.806
	Income from sale of fixed assets	450
	Interest income	16
	Solidarity Fund income	14.341
	TOTAL REVENUE	1.181.714

Humanitarian revenues for the year 2025 are disclosed in the amount of BAM 1.161.124. 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 2025 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 the year 2025 amounts to BAM 5.424. 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 2025 in the amount BAM 14.806. This amount mostly comprises Solidarity Fund income (BAM 14.341), which is revenues from suspension from net earnings based on work contracts and copyright agreements in the amount of 3%, and net salaries in the amount of 1%.

Note 7. Expenses (BAM 1.167.273)

Total expenses for the period January 1-December 31, 2025, amount to BAM 1.167.273 as shown in table below:

No.	Expenditures	Amount in 2025
1	Material and energy	7.408
2	Services	340.238
3	Salaries and other allowances	763.996
4	Depreciation	30.263
5	Financial expenses	12.699
6	Travel expenses	6.060
7	Humanitarian expenses	-
8	Taxes and Contributions not based on business performance	6.609
9	Other expenses	-
TOTAL EXPENDITURES		1.167.273

Salaries and other allowances, as presented in table above (BAM 763.996) do not include amounts disbursed to employees based on employment contract only (BAM 626.572) but also amounts disbursed to service providers on the basis of service and copyright agreements as well (BAM 129.986), as shown below:

Description	Amount in 2025
Salaries (net amount, taxes and contributions)	511.328
Meal allowances	36.594
Transportation allowances	7.200
Vacation allowances	9.240
Costs of other income, compensation and other employee rights	62.210
Costs of scholarships and awards	2.850
Registration fees for seminars	200
Author's fees (Author's contracts)	19.255
Service contract	69.759
Service contract for non-residents	40.971
Employee travel expenses	4.388
Total	763.996

Note 8. Financial result (BAM 14.441)

<i>Description</i>	<i>Year 2025</i>	<i>Year 2024</i>
Total revenues	1.181.714	1.325.643
Total expenditures	1.167.273	1.321.383
Surplus revenues	14.441	4.260

At the end of the fiscal year 2025, the Sarajevo Open Center reported a surplus of revenues over expenditures of 14.441 KM. The excess of income over expenses refers to SOC's own income from commercial activities and SOC's own solidarity fund.

Note 9. Sida Core support grant

New contract with Sida for general support to SOC was signed on January 16, 2024 for the period January 2024 - December 2027.

In the reporting period, SOC completed activities under the Sida General Support Agreement for the implementation period January 2025 - December 2025.

With regard to project reporting to the donor Sida, SOC applies the cash basis of reporting. Presented below is an overview of all project inflows and expenditures incurred during the reporting period.

9.1. Sida contribution

Request for payment	Request amount in SEK	Amount in EUR	Amount in BAM
II Request (Instalment received: 07/03/2025)	2.500.000	228.470	446.849
Total	2.500.000	228.470	446.849

9.2. Support Expenses

The total costs incurred under this Agreement in the reporting year, for the period January 1, 2025 - December 31, 2025, according to the submitted report, amounted to BAM 378.787.

During the entire duration of the project, SOC spent funds approved by the budget, as shown in the table of total costs:

Item No.	Budget item	Budget for 2025 approved revision: December 16, 2025	SIDA EXPENSES (BAM)	Balance
1.	Staff costs	159.917	159.914	3
2.	Office and administrative costs	72.527	66.994	5.533
3.	Programme costs	284.500	145.281	139.219
4.	Strategic Pillar 4: Continuous Organizational Development	11.230	6.598	4.632
Total (BAM)		528.174	378.787	149.387

According to the terms of the contract, SOC submitted to Sida an “unaudited financial report” for each year. The unaudited financial report included all income and separately disclosed all sources of funding, including grant funds allocated by Sida. The report also contained a comparison of the actual costs for the main activities for the current reporting period with the budget approved for the same period. The reports were submitted to the auditor for review.

9.3. Fund Balance of the Core Grant agreement with Sida for period January 1, 2025 - December 31, 2025:

	Description	Amount in BAM
A	Opening balance January 1, 2025	81.325
B	Second installment March 7, 2025	446.849
C (A+B)	Total Income of the Support	528.174
D	Total expenses	378.787
E (C-D)	Fund balance	149.387

Note 10. 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. 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 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 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 amortization on 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 of less than one year, and inventory items with a useful life over one year and the unit cost of less than BAM 250.

A 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 gyro 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 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 performance 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 the year 2025, SOC prepared and filed tax balance and complied with all provisions as defined by Law.

6. INTERNAL CONTROL SYSTEM

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

The objective of the procedures performed is to proficiently assess the 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.

7. 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 26, 2026

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

I. Čardaković

Ismeta Čardaković, Director
Authorized auditor



ANNEX 1

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 the year 2025

1. Introduction and objectives of the audit

We have audited the accompanying financial statements of the SOC as at December 31, 2025. 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 2025 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 to obtain reasonable assurance that the 2025 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. Auditor Recommendation

No recommendations were made.

3.2. Previous auditor Recommendation

Procurement procedures

a. Procurement rulebook

SOC has a procurement procedure rulebook which defines all steps and conditions needed to provide transparency of the process. Pursuant to the provisions of this document, each procurement of goods and services exceeding the amount of BAM 1.200, must be subject of the prescribed procedure.

In our opinion this threshold is too low, considering the inflation rate and the prices on the market.

Auditor recommendation

The actual procurement rulebook should be revised. In our opinion the lowest procurement threshold should be increased to 2.000 or 3.000 BAM. All procurement below the minimal threshold should be performed based on market research.

Risk rating: low priority.

Management response: We acknowledge the auditor's recommendation regarding the procurement threshold. Given the inflation rate and market price fluctuations, we recognize the need to revise our procurement rulebook to ensure efficiency while maintaining transparency. We will initiate a review process to assess an appropriate increase in the threshold, considering the proposed range of 2,000–3,000 BAM. Estimated timeline for revision: Q3 2026.

Measures taken:

Management is currently in the process of correcting and amending the procurement regulations.

b. Selection criteria and bid evaluation.

Pre-defined selection criteria must be defined in a way to provide reliable scoring and evaluation process. This means that the criteria must be measurable, and the scoring system cannot be only descriptive as it was the case in some procedures.

The financial offer, i.e. the price, is very important but not the only element of bid evaluation. If SOC defines the discount as one of the criteria, then it should be the scoring elements, i.e. it means that the discount will be scored only in situations when the bidder offers discount, but not when the bidder does not offer any discount, as it was the case in some evaluations. As described, the lack of consistency is detected when the financial offer is evaluated i.e., discount was scored by the maximum and minimal score of two members of the evaluation committee, even when the proposals did not disclose discount.

Previous experience in collaborating with bidders can also be legitimate criterion for evaluation and it should be scored in evaluation grid. In some detected cases, the previous experience was considered as important, but it was not officially scored by the evaluation committee.

Risk rating: medium priority.

Auditor recommendation

The process of bid evaluation must be revised in a way that provides consistency and accountability of the process. The criteria must be measurable but not only descriptive. Previous experience in collaborating with prospective bidders must be officially scored. In cases if a lower ranked bidder is selected as the most favorable, it is needed to explain the reasons which made committee to bring the decision.

Risk rating: medium priority.

Management response: We acknowledge the auditor's recommendation and recognize the importance of ensuring a consistent, transparent, and measurable bid evaluation process. To address these concerns, we will revise our evaluation procedures to:

1. Ensure Measurable Criteria – We will refine our selection criteria to be fully measurable, reducing reliance on descriptive scoring to enhance objectivity and reliability in evaluations.
2. Standardize Financial Offer Evaluation – The discount criterion will be clearly defined within the scoring system, ensuring that it is only scored when offered, preventing inconsistencies in financial evaluations.
3. Incorporate Previous Experience Scoring – Previous collaboration with bidders will be formally included as a scored evaluation criterion, ensuring that all considerations are transparently documented.

We will implement these revisions in the upcoming update of our procurement procedures, ensuring compliance with best practices and transparency standards. Estimated timeline for revision: Q3 2026.

Measures taken: Management is currently in the process of correcting and amending the procurement regulations, while the procurement process itself, i.e. the selection criteria and evaluation of procurements are carried out in accordance with the previous auditor's recommendation.

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 26, 2026

J. Čardaković



Ismeta Čardaković, Licensed Auditor

NGO and Business Audit d.o.o. Sarajevo