



STATEMENT OF INDEPENDENT AUDITOR

ABOUT FINANCIAL STATEMENTS  
FOR YEAR 2013

**Helsinki Citizens' Assembly Banja Luka**

**Banja Luka, July 2014**

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## REPORT OF INDEPENDENT AUDITOR

### *Supervisory Board of Helsinki Citizens' Assembly Banja Luka*

We have completed the audit of the financial statement of Helsinki Citizens' Assembly Banja Luka (further: „The Association“), which included the balance sheet as at 31st December 2013 and corresponding income statement, as well as a review of all important accounting policies and notes to the financial statement.

#### ***Management responsibility for financial statement***

Management is responsible for the preparation and fair presentation of these financial statements in conformity with the accounting regulations of the Republic of Srpska. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates.

#### ***Auditor responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing, the Law on Accounting and Auditing of the Republic of Srpska and the Regulations on audit of financial statements in the Republic of Srpska. Those standards require that we comply with ethical requirements and plan and perform the way that makes it possible to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of financial statements in order to design audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes assessing the accounting policies used and the significant estimates made by management, as well as evaluating the overall presentation of financial statements.

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

#### ***Opinion***

According to our opinion, attached financial statements present truthful and objective value of assets and liabilities of Helsinki Citizens' Assembly Banja Luka as at 31<sup>st</sup> December 2013, as well as an operating result for period from 1<sup>st</sup> January to 31<sup>st</sup> December 2013.

*(continued)*

***Drawing attention***

By not creating a reserve on created opinion, we draw attention to the following questions:

As mentioned in Note 4.7 of the financial statements, with the donations received Association did not act in accordance with IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance, and thus overestimated revenues for 2013 and underestimated and deferred income from grants for 31.12.2013. The above method of presenting of the income from donations is not in accordance with IAS 1 - Presentation of Financial Statements. During the audit procedures, we could not be convinced in the effects mentioned discrepancies in the financial statements of the Association for 2013.

As mentioned in Note 4.11 of the financial statements, other expenses in the amount of 115 958 BAM is related to expenditure on the basis of the cost of the partners of the Association in the implementation of individual projects, and were recorded at the position of expenditures for humanitarian purposes. The above expenses were not the expenses for humanitarian purposes and should be reclassified to a position that will reflect their essence.

**EF REVIZOR d. o. o.**  
Banja Luka, Gajeva no 12  
Date: 03.07.2014.

Authorized auditor  
Milan Kondić

**BALANCE SHEET**  
**(Statement about financial position)**  
**as at 31.12.2013.**

*in BAM*

No	POSITION	AOP-a	Amount at balance day in current year			Amount at balance day in previous year (balance)
			Gross	Corrections	Net (4-5)	
1	2	3	4	5	6	7
	<b>A S S E T S</b>					
	<b>A. FIXED ASSETS (002+008+015+021+030)</b>	001	16.591	16.526	65	561
01	<b>I NON TANGIBLE INVESTMENTS (003 to 007)</b>	<b>002</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
010	1. Investments in development	003	0	0	0	0
011	2. Concession, patents and other rights	004	0	0	0	0
012	3. Goodwill	005	0	0	0	0
014	4. Other intangible investments	006	0	0	0	0
015 & 016	5. Advances and intangible investments in preparation	007	0	0	0	0
02	<b>II NEKRETNINE, POSTROJENJA, OPREMA I INVESTICIONE NEKRETNINE (009 do 014)</b>	<b>008</b>	<b>16.591</b>	<b>16.526</b>	<b>65</b>	<b>561</b>
020	1. Land	009	0	0	0	0
021	2. Building	010	0	0	0	0
022	3. Plant and equipment	011	16.591	16.526	65	561
023	4. Investment properties	012	0	0	0	0
027 & 028	5. Advances and properties, plants, equipment and investment properties in progress	013	0	0	0	0
029	6. Investment in other properties, plant and equipment	014	0	0	0	0
03	<b>III BIOLOGICAL ASSETS AND AGRICULTURE (016 to 020)</b>	<b>015</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
030	1. Forestry	016	0	0	0	0
031	2. Multiannual plantings	017	0	0	0	0
032	3. Primary herd	018	0	0	0	0
033	4. Agriculture	019	0	0	0	0
038 & 039	5. Advances and biological assets and agriculture in preparation	020	0	0	0	0
04	<b>IV LONG TERM FIN PLACEMENTS (022 to 029)</b>	<b>021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
040, part 049	1. Equity investments in subsidiaries	022	0	0	0	0
041, part 049	2. Shares in other entities	023	0	0	0	0
042, part 049	3. Long-term loans to related parties	024	0	0	0	0
043, part 049	4. Long-term loans in the country	025	0	0	0	0
044, part 049	5. Long-term loans abroad	026	0	0	0	0
045, part 049	6. Financial assets available for sale	027	0	0	0	0
046, part 049	7. Financial assets held to maturity	028	0	0	0	0
048, part 049	8. Other long – term fin placements	029	0	0	0	0
050	<b>V DEFERRED TAX ASSETS</b>	030	0	0	0	0
	<b>V. CURRENT ASSETS (032+039+060)</b>	<b>031</b>	<b>525.843</b>	<b>0</b>	<b>525.843</b>	<b>185.437</b>
10 to 15	<b>I STOCKS, FIXED ASSETS HELD FOR DISPOSAL AND PREPAYMENTS (033 to 038)</b>	<b>032</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1.396</b>
100 to 109	1. Stocks of materials	033	0	0	0	0
110 to 112	2. Inventories of work in progress, semi-finished and unfinished services	034	0	0	0	0
120	3. Stocks of finished products	035	0	0	0	0
130 to 139	4. Stocks	036	0	0	0	0

140 to 149	5. Fixed assets and assets of discontinued operations held for disposal	037	0	0	0	0
150 to 159	6. Advances given	038	0	0	0	1.396
	<b>II SHORT TERM RECEIVABLES, PLACEMENTS &amp; CASH (040+046+055+058+059)</b>	<b>039</b>	<b>525.843</b>	<b>0</b>	<b>525.843</b>	<b>184.041</b>
20, 21, 22	<b>1. Short term receivables (041 to 045)</b>	<b>040</b>	<b>6</b>	<b>0</b>	<b>6</b>	<b>0</b>
200, part 209	a) Buyers – related legal entities (subsidiaries)	041	0	0	0	0
201, part 209	b) Buyers in country	042	0	0	0	0
202, part 209	c) Buyers abroad	043	0	0	0	0
210 to 219	d) Receivables from specific business	044	0	0	0	0
220 to 229	e) Other short term receivables	045	6	0	6	0
23	<b>2. Short term fin placements (047 to 054)</b>	<b>046</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
230, part 239	a) Short term loans to legal entities	047	0	0	0	0
231, part 239	b) Short term loans in country	048	0	0	0	0
232, part 239	c) Short term loans abroad	049	0	0	0	0
233 & 234	d) Part of long-term financial investments that mature in one year	050	0	0	0	0
235, part 239	e) Financial assets at fair value through profit or loss for trading	051	0	0	0	0
236, part 239	f) Financial assets recognized at fair value through profit or loss	052	0	0	0	0
237	g) Treasury shares bought back and own shares for sale or cancelation	053	0	0	0	0
238, part 239	h) Other short term placements	054	0	0	0	0
24	<b>Cash and cash equivalent (056+057)</b>	<b>055</b>	<b>525.402</b>	<b>0</b>	<b>525.402</b>	<b>183.486</b>
240	a) Cash equivalent - securities	056	0	0	0	0
241 to 249	b) Cash	057	525.402	0	525.402	183.486
270 to 279	4. Value added tax	058	0	0	0	0
280 to 289, except 288	5. Accruals	059	435	0	435	555
288	<b>III DEFERRED TAX RESSOURCES</b>	060	0	0	0	0
29	<b>C. LOSS ABOVE CAPITAL</b>	<b>061</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>D. BUSINESS ASSETS (001+031+061)</b>	<b>062</b>	<b>542.434</b>	<b>16.526</b>	<b>525.908</b>	<b>185.998</b>
880 to 888	<b>G. OFF BALANCE SHEET ASSETS</b>	<b>063</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>E. TOTAL ASSETS (062+063)</b>	<b>064</b>	<b>542.434</b>	<b>16.526</b>	<b>525.908</b>	<b>185.998</b>

**BALANCE SHEET (continued)**  
**(Statement about financial position)**  
**as at 31.12.2013.**

*in BAM*

Acc	POSITION	AOP	Amount at balance date at year end	Amount at balance date at previous year (start balance)
1	2	3	4	5
	<b>LIABILITIES</b>			
	<b>A. CAPITAL (102-109+110+111+114+115-116+117-122)</b>	<b>101</b>	<b>525.522</b>	<b>184.585</b>
30	<b>I PRIMARY CAPITAL (103 do 108)</b>	<b>102</b>	<b>0</b>	<b>0</b>
300	1. Shareholders capital	103	0	0
302	2. Shares of limited liability company	104	0	0
303	3. Shares in cooperatives	105	0	0
304	4. Stakes	106	0	0
305	5. State capital	107	0	0
306	6. Other primary capital	108	0	0
31	<b>II RECORDED UNPAID CAPITAL</b>	<b>109</b>	<b>0</b>	<b>0</b>
320	<b>III EMISISIONS OF PREMIUMS</b>	<b>110</b>	<b>0</b>	<b>0</b>
part 32	<b>IV REZERVE (112+113)</b>	<b>111</b>	<b>0</b>	<b>0</b>
321	1. Regulatory reserve	112	0	0
322	2. Statutory reserve	113	0	0
330, 331 & 334	<b>V REVALORISATION RESERVES</b>	<b>114</b>	<b>0</b>	<b>0</b>
332	<b>VI UNREALIZED GAINS FROM FINANCIAL ASSETS AVAILABLE FOR SALE</b>	115	0	0
333	<b>VII UNREALIZED LOSSES FROM FINANCIAL ASSETS AVAILABLE FOR SALE</b>	116	0	0
34	<b>VII RETAINED EARNINGS VII (118 to 121)</b>	<b>117</b>	<b>525.522</b>	<b>184.585</b>
340	1. Undistributed gain from previous years	118	184.586	156.690
341	2. Undistributed gain in current year	119	0	0
342	3. Undistributed excess of income over expenses	120	340.936	27.895
343	4. Net income from independent activities	121	0	0
35	<b>IX LOSS UP TO VALUE OF CAPITAL (123 + 124)</b>	<b>122</b>	<b>0</b>	<b>0</b>
350	1. Loss from previous years	123	0	0
351	2. Loss in current years	124	0	0
40	<b>B. LONG TERM PROVISIONS (126 To 131)</b>	<b>125</b>	<b>0</b>	<b>0</b>
400	1. Provisions for expenses in determined term	126	0	0
401	2. Provisions for expenses in renewing natural resources	127	0	0
402	3. Provisions for bails and deposits kept	128	0	0
403	4. Provisions for expenses of restructuring	129	0	0
404	5. Provisions for commissions and workers benefits	130	0	0
405	6. Other long term provisions	131	0	0
	<b>V. LIABILITIES (133 to 142)</b>	<b>132</b>	<b>386</b>	<b>1.413</b>
41, except 418	<b>I LONG TERM LIABILITIES (134 to 141)</b>	<b>133</b>	<b>0</b>	<b>0</b>
410	1. Liabilities that can be converted to capital	134	0	0
411	2. Liabilities towards related legal entities	135	0	0
412	3. Liabilities per emitted long term securities	136	0	0
413 & 414	4. Long term loans	137	0	0
415 & 416	5. Long term liabilities towards fin leasing	138	0	0
417	6. Long term liabilities per fair value in profit and loss statement	139	0	0
418	7. Deferred tax liabilities	140	0	0
419	8. Other long term liabilities	141	0	0

42 to 48	<b>II SHORT TERM LIABILITIES (143+148+153+154+155+156+157+158+159+160)</b>	<b>142</b>	<b>386</b>	<b>1.413</b>
42	<b>1. Short term fin liabilities (144 to 147)</b>	<b>143</b>	<b>0</b>	<b>0</b>
420 to 423	a) Short term loans and liabilities per emitted short term securities	144	0	0
424 & 425	b) Part of long term fin liabilities which is due for payment in a year	145	0	0
426	c) Short term liabilities as per fair value through profit and loss balance	146	0	0
429	d) Other short term fin liabilities	147	0	0
43	<b>2. Liabilities from operating activities (149 to 152)</b>	<b>148</b>	<b>229</b>	<b>213</b>
430	a) Advances received, deposits and bails	149	0	0
431	b) Suppliers – related legal entities	150	0	0
432 & 433	c) Other suppliers	151	229	213
439	d) Other liabilities	152	0	0
440 to 449	<b>3. Liabilities from specific business</b>	<b>153</b>	<b>0</b>	<b>0</b>
450 to 458	4. Liabilities for earnings and contributions	154	0	1.120
460 to 469	5. Other liabilities	155	0	4
470 to 479	6. Value added tax	156	0	0
48, except 481	7. Liabilities for other taxes, contributions and other levies	157	157	76
481	8. Liabilities for gain tax	158	0	0
49, except 495	9. Passive accruals	159	0	0
495	10. Deferred tax liabilities	160	0	0
	<b>G. BUSINESS LIABILITIES (101+125+132)</b>	<b>161</b>	<b>525.908</b>	<b>185.998</b>
890 to 898	<b>D. OFF BALANCE LIABILITIES</b>	<b>162</b>	<b>0</b>	<b>0</b>
	<b>E. TOTAL LIABILITIES (161+162)</b>	<b>163</b>	<b>525.908</b>	<b>185.998</b>

Signed in the name of the Association  
 CEO  
 Dragana Dardić

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**INCOME STATEMENT**  
**(Statement about fin position)**  
**from 01.01. to 31.12.2013.**

**in BAM**

Acc	POSITION	AOP	Amount	
			Current year	Previous year
1	2	3	4	5
	<b>A. OPERATING INCOME AND EXPENSES</b>			
	<b>I OPERATING INCOME (202+206+210+211-212+213-214+215)</b>	<b>201</b>	<b>840.614</b>	<b>302.010</b>
60	<b>1. Income from sale of goods (203 to 205)</b>	<b>202</b>	<b>0</b>	<b>0</b>
600	a) Income from sale of goods to related parties	203	0	0
601	b) Income from sale of goods at domestic market	204	0	0
602	c) Income from sale of goods at foreign market	205	0	0
61	<b>2. Income from sale of goods and services (207 to 209)</b>	<b>206</b>	<b>0</b>	<b>0</b>
610	a) Income from sale of service performance to related entities	207	0	0
611	b) Income from sale of service performance at domestic market	208	0	0
612	c) Income from sale of service performance at foreign market	209	0	0
62	3. Income from consumption of goods and effects	210	0	0
630	4. Increase in value of inventories	211	0	0
631	5. Decrease in value of inventories	212	0	0
640 & 641	6. Increase in value of investment real estate and biological resources which cannot be depreciated	213	0	0
642 & 643	7. Decrease in value of investment real estate and biological resources which cannot be depreciated	214	0	0
650 to 659	8. Other operating income	215	840.614	302.010
	<b>II OPERATING EXPENSES</b>	<b>216</b>	<b>382.306</b>	<b>259.232</b>
	<b>(217+218+219+222+223+226+227+228)</b>			
500 to 502	1. Cost value of goods sold	217	0	0
510 to 513	2. Material expenses	218	8.333	8.539
52	3. Cost of salaries, compensation and other personal expenses (220+221)	219	199.215	165.897
520 & 521	a) Gross salaries and compensations expenses	220	166.183	136.043
522 & 529	b) Other personal expenses	221	33.032	29.854
530 to 539	4. Production services expense	222	78.058	34.472
54	5. Depreciation and provisions expenses (224+225)	223	471	1.195
540	a) Depreciation expenses	224	471	1.195
541 to 549	b) Provisions expenses	225	0	0
55, except 555 & 556	6. Intangible costs (without taxes and contributions)	226	95.962	47.285
555	7. Tax expenses	227	101	1.715
556	8. Contribution expenses	228	166	129
	<b>B. OPERATING PROFIT (201-216)</b>	<b>229</b>	<b>458.308</b>	<b>42.778</b>
	<b>C. OPERATING LOSS (216-201)</b>	<b>230</b>	<b>0</b>	<b>0</b>
<b>66</b>	<b>D. FINANCIAL INCOME AND EXPENSES</b>	<b>231</b>	<b>3</b>	<b>295</b>
	<b>E. FINANCIAL INCOME (232 to 237)</b>			
660	1. Financial income related parties	232	0	0
661	2. Interest income	233	3	32
662	3. Positive currency exchange rate differences	234	0	263
663	4. Income from effects of currency clause	235	0	0
664	5. Income from equity investments joint ventures	236	0	0
669	6. Other financial income	237	0	0
56	<b>II FINANCIAL EXPENSES (239 to 243)</b>	<b>238</b>	<b>1</b>	<b>0</b>
560	1. Financial expense related parties	239	0	0
561	2. Interest expense	240	1	0

562	3. Negative currency exchange rate differences	241	0	0
563	4. Expense from effects of currency clause	242	0	0
564	5. Other financial expenses	243	0	0
	<b>D. GAIN OPERATING ACTIVITIES (229+231-238) or (231-238-230)</b>	244	<b>458.310</b>	<b>43.073</b>
	<b>E. LOSS OPERATING ACTIVITIES (230+238-231) or (238-229-231)</b>	245	<b>0</b>	<b>0</b>
67	<b>F. OTHER INCOME AND EXPENSES G. OTHER INCOME (247 to 256)</b>	246	<b>5</b>	<b>0</b>
670	1. Gains from sale of intangible assets and property, plant and equipment	247	0	0
671	2. Gains from sale and disposal of investment properties	248	0	0
672	3 Gains from sale of biological resources	249	0	0
673	4. Gains on sales of discontinued operations	250	0	0
674	5. Gains on sales of capital equity and long term securities	251	0	0
675	6. Gains on sales of material	252	0	0
676	7. Surpluses, except inventories surpluses	253	0	0
677	8. Income from revaluation and write-off of receivable	254	0	0
678	9. Income from hedging, which cannot be included in the revaluation reserve	255	0	0
679	10. Income from decrease of liabilities, termination of unused long-term provisions and other income	256	5	0
57	<b>II OTHER EXPENSES (258 to 267)</b>	257	<b>115.958</b>	<b>15.178</b>
570	1. Losses on sales and disposals of intangible assets, property, plant and equipment	258	0	0
571	2. Loss from sale and disposal of investment properties	259	0	0
572	3 Loss from sale of biological resources	260	0	0
573	4. Loss on sales of discontinued operations	261	0	0
574	5. Loss on sales of capital equity and long term securities	262	0	0
575	6. Loss on sales of material	263	0	0
576	7. Surpluses, except inventories surpluses	264	0	0
577	8. Losses from hedging, which cannot be included in the revaluation reserve	265	0	0
578	9. Losses from revaluation and write-off of receivables	266	0	0
579	10. Losses from revaluation and write-off of receivables	267	115.958	15.178
	<b>H. GAIN FROM OTHER INCOME AND EXPENSES (246-257)</b>	268	<b>0</b>	<b>0</b>
	<b>I. LOSS FROM OTHER INCOME AND EXPENSES (257-246)</b>	269	<b>115.953</b>	<b>15.178</b>
68	<b>J. INCOME AND EXPENSE FROM RECONCILIATION OF PROPERTY I INCOME FROM RECONCILIATION OF PROPERTY (271 to 279)</b>	270	<b>0</b>	<b>0</b>
680	1. Income from revaluation of intangible assets	271	0	0
681	2. Income from revaluation of property, plant and equipment	272	0	0
682	3. Income from revaluation of investment property which is subject to depreciation	273	0	0
683	4. Income from revaluation of biological assets for which depreciation	274	0	0
684	5. Income from revaluation of long-term investments fin and financial assets available for sale	275	0	0
685	6. Income from revaluation of materials and goods	276	0	0
686	7. Income from revaluation of short-term investments	277	0	0
687	8. Income from revaluation of capital (negative goodwill)	278	0	0
689	9. Income from revaluation of other assets	279	0	0
58	<b>II EXPENSE RELATED TO RECONCILIATION OF PROPERTY (281 to 288)</b>	280	<b>25</b>	<b>0</b>
580	1. Impairment of intangible assets	281	0	0
581	2. Impairment of property, plant and equipment	282	0	0
582	3. Impairment of investment property which is subject to depreciation	283	0	0

583	4. Impairment of biological assets for which depreciation	284	0	0
584	5. Impairment of investments and financial assets available for sale	285	0	0
585	6. Impairment of materials and goods	286	0	0
586	7. Impairment of short-term investments	287	0	0
589	8. Impairment of fixed assets	288	25	0
	<b>J. GAIN RELATED TO RECONCILIATION OF PROPERTY (270-280)</b>	<b>289</b>	<b>0</b>	<b>0</b>
	<b>K. LOSS RELATED TO RECONCILIATION OF PROPERTY (280-270)</b>	<b>290</b>	<b>25</b>	<b>0</b>
690 & 691	<b>L. INCOME FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS YEAR</b>	<b>291</b>	<b>0</b>	<b>0</b>
590 & 591	<b>M. EXPENSES FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS YEAR</b>	<b>292</b>	<b>1.396</b>	<b>0</b>
	<b>N. GAIN AND LOSS BEFORE TAXES</b>			
	1. Gain before taxes (244+268+289 +291-292-245-269-290)	293	340.936	27.895
	2. Loss before taxes (245+269+290+292-291-244-268-289)	294	0	0
721	<b>O. CURRENT AND POSTPHONED VAT</b>			
	1. Tax expenses for period	295	0	0
part 722	2. Postponed tax expenses for period	296		
part 722	3. Postponed tax income for period	297		
	<b>P. NET GAIN AND LOSS FOR PERIOD</b>			
	1. Net gain current year (293-294-295-296+297)	298	340.936	27.895
	2. Net loss current year (294-293+295+296-297)	299	0	0
	<b>TOTAL INCOME (201+231+246+270+291)</b>	<b>300</b>	<b>840.622</b>	<b>302.305</b>
	<b>TOTAL EXPENSES (216+238+257+280+292)</b>	<b>301</b>	<b>499.686</b>	<b>274.410</b>
723	<b>Q. INTERIM DIVIDENDS AND OTHER FORMS OF INCOME DISTRIBUTION DURING PERIOD</b>	302		
	Share of net profit / loss attributable to majority owners	303		
	Share of net profit / loss attributable to minority owners	304		
	Earnings per ordinary share	305		
	Diluted earnings per share	306		
	Average number of employees based on hours worked	307	10	5
	The average number of employees at the end of the month	308	10	5

## NOTES TO REPORT

### 1. 1. LEGAL AND OTHER BASES

**1.1.** We have completed audit in accordance with the contract no 01-330/2014 from 13.05.2014.

**1.2.** Responsible persons for completing financial reports are:

1. Dragana Dardić, CEO
2. Jelena Babić, financial manager.

**1.3.** Audit documentation are the financial statements of the Association (balance sheet, income statement) and gross profit, inventory lists, decisions of the management bodies, business documents, reports, minutes of control, normative acts, a statement from the register, other evidence and explanations made available to the auditor.

**1.4.** Documentation and information were presented by Jelena Babić, financial manager.

**1.5.** Financial accounting and preparation of financial statement of the Association was done through the bookkeeping agency Birokont d.o.o. from Banja Luka, licenced person is Milena Čulum.

## **2. GENERAL INFORMATION**

Helsinki Citizens' Assembly Banja Luka was established as a citizens' Association registered at the Primary Court Banja Luka with the document no Rg-126/96 from 16.08.1996.

Decision of the Basic Court in Banja Luka No F-1-265/02 from 19.12.2011 change of the address and Association's authorized person to present the Association.

Full name of the Association is: Helsinki Citizens' Assembly Banja Luka.

Headquarter of the Association is Banja Luka, Miše Stupara 68.

Area of work is Republic of Srpska /Bosnia & Herzegovina.

Priority activities of the Helsinki Citizens' Assembly Banja Luka:

- Empowerment of marginalized groups, particularly women, youth and minority groups for political action and improving their status in society.
- The impact of the government institutions in Bosnia and Herzegovina in order to improve the law and public policy towards these groups.
- Increased participation and better presentation of women, youth and minorities in the media.
- Raising awareness of citizens of Bosnia and Herzegovina on discrimination of marginalized groups and mechanisms to protect their rights.
- Strengthening cooperation with other organizations and institutions in Bosnia and Herzegovina, but also at the international level.
- Bringing educational programs, literature, knowledge, and skills related to peace-building, the development of civil society and human rights of the citizens of Bosnia and Herzegovina.
- Continuous training of staff of the Helsinki Citizens' Assembly Banja Luka and work on the sustainability of the organization.

Bodies of the Association are:

- Shareholders Association,
- Management Board,
- CEO.

Main business activity: 94.99 – Work of other organizations based on the membership.

Business ID: 01867768

JIB: 4400870100003

No of employees in 2013, as at the end of the month was 10.

### **3. ACCOUNTING POLICES**

The Association did not regulate accounting policies in accordance with article 4, paragraph 3) of the Law on Accounting and Auditing of the Republic of Srpska ("Official Gazette of the Republic of Srpska" No. 36/09) in accordance with IAS / IFRS.

The principal accounting policies adopted in the preparation and presentation of financial statements for 2013. Were the following:

#### ***3.1. Properties, plants and equipment***

At the time of acquisition, these assets were measured at cost, plus all associated expenses. After initial recognition at cost, buildings, plant, equipment and biological assets, excluding forests were measured at the present value (cost value less accumulated depreciation and impairment losses).

The present value of buildings, plant, equipment and investment property is increased by the subsequent costs based on the costs of adaptation, replacement and general repair costs, provided that these costs can be measured and that they extend the useful life or increase the performance of the funds.

#### ***3.2. Depreciation***

Real depreciation, plant and equipment are calculated using the straight-line method in accordance with the internal laws of the Association.

#### ***3.3. Short term receivables***

Short-term receivables are valued at the nominal value, net of accumulated depreciation, at the discretion of the Board of Directors, probably of bad debts, or the direct write-off if the bad debt is documented.

#### ***3.4. Supplies***

Raw materials spare parts, one-time write-off of inventory and goods are valued at the cost, which includes the invoiced value of the suppliers and purchase costs.

In the case of reduction of the use value of the stock by the amount actually incurred and documented impairment write-off of inventories shall be charged to expense.

#### ***3.5. Revenues from sales and rental income***

Sales of goods and services, as well as income from the lease are shown at their nominal value, net of discounts and value added tax.

### ***3.6. Taxes and contributions that do not depend on the results***

Taxes and contributions that do not depend on the results represent amounts paid under state and municipal regulations for the financing of public utilities and state needs. These taxes and contributions are included within other operating expenses.

### **3.7. CRITICAL ACCOUNTING ESTIMATES**

Presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. These estimates and assumptions are based on information available as of the date of the financial statements, and actual results may differ from these estimates.

Key assumptions concerning the future and other key sources of estimation uncertainty at giving the balance sheet, which carry the risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are presented in the following text:

#### *The estimated useful lives of property, equipment and intangible assets*

The useful life of property, equipment and intangible assets is based on historical experience with similar assets and anticipated technological advances and changes in economic and industry factors. The adequacy of the estimated remaining useful life of property, equipment and intangible assets are reviewed annually or whenever there are indications of significant changes in the assumptions.

#### *Impairment of Assets*

On the balance sheet management of the Association reviews the carrying amounts of assets in the financial statements. If there is an indication that the asset impairment exists, the recoverable amount of the asset is estimated in order to determine the amount of impairment loss. If the recoverable amount of an asset is estimated to be less than the value reported in the financial statements, the carrying value of the assets in the financial statements is reduced to its recoverable amount.

#### *Provisions*

Provisions are recognized when the Association has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources that generate economic benefits will be required to settle the obligation and when a reliable estimate of the obligation.

## 4. NOTES TO FINANCIAL STATEMENT

### 4.1. Properties, plants and equipment

*in BAM*

Description	Plant and equipment	Total
<b>Value cost:</b>		
Opening balance	35.112	35.112
Increases:	0	0
New purchases	0	0
Estimate and revalorization	0	0
Decreases:	18.521	18.521
Expenses, sale and other	18.521	18.521
Balance at year end	16.591	16.591
<b>Cumulated correction in value:</b>		
<b>Balance at the beginning of year</b>	<b>34.551</b>	<b>34.551</b>
Increases:	497	497
Depreciation	497	497
Estimate	0	0
Decreases:	18.521	18.521
Cumulated correction	18.521	18.521
Balance at year end	16.526	16.526
<b>Net current value:</b>		
<b>31.12.2013.</b>	65	65
<b>Net current value:</b>		
<b>31.12.2012.</b>	<b>561</b>	<b>561</b>

Decrease in value of equipment is related to written off of equipment according to the listing done at the year end.

### 4.2. Short term receivables and placements

*in BAM*

Description	Other receivables	Total
Gross value at year start	0	0
Gross value at year end	6	6
Correction in value at year start	0	0
Correction in value at year end	0	0
<b>NET VALUE</b>		
<b>31.12.2013.</b>	<b>6</b>	<b>6</b>
<b>31.12.2012.</b>	<b>0</b>	<b>0</b>

### 4.3. Cash and cash equivalent

*in BAM*

Description	31.12.2013.	31.12.2012.
1. Business account – local currency	524.940	181.627
2. Business account – foreign currency	0	492
3. Till - local currency	462	1.367
<b>Cash and cash equivalent - total (1 to 3)</b>	<b>525.402</b>	<b>183.486</b>



Summary of business accounts in local currency as at 31.12.2013.

No	Description	Amount (BAM)
1.	NLB Razvojna bank a.d. Banja Luka	524.892
2.	Hypo Alpe Adria Bank a.d. Banja Luka	48
<b>T o t a l</b>		<b>524.940</b>

#### 4.4. Accruals

Description	in BAM	
	31.12.2013.	31.12.2012.
1. Prepaid expenses	435	555
<b>Accruals - total</b>	<b>435</b>	<b>555</b>

### CAPITAL

#### 4.5. Structure of capital – resource source

Description	in BAM	
	31.12.2013.	31.12.2012.
1 Retained earnings from previous years	184.586	156.690
2. Retained earnings from current years	340.936	27.895
<b>I Undistributed gain (1 to 2)</b>	<b>525.522</b>	<b>184.585</b>
<b>CAPITAL (I to III)</b>	<b>525.522</b>	<b>184.585</b>

Unallocated surplus of income over expenditure (Article 26, paragraph 6) of the Rules of the chart of accounts and the contents of accounts of companies, cooperatives, other legal entities and entrepreneurs, "Official Gazette of the Republic of Srpska" 79/09 stipulates that the specified position non-profit entities are reported cumulated surplus of income over expenditure), the previous year amounted to 184,585 BAM, while unallocated surplus of income over expenditure for the year amounted to 340,936 BAM.

#### 4.6. Operating liabilities, other liabilities and current liabilities for income tax

Description	in BAM	
	31.12.2013.	31.12.2012.
1. Suppliers in country	229	213
<b>I Liabilities from operating activities – total</b>	<b>229</b>	<b>213</b>
1. Liabilities for net salaries and commission, except income that is refunded	0	1.120
<b>II Liabilities for net salaries and commission - total</b>	<b>0</b>	<b>1.120</b>
1. Liabilities for contracted commission to natural persons	0	4
<b>III Other liabilities</b>	<b>0</b>	<b>4</b>
1. Liabilities for taxes, customs and other levies on expenses side	56	26
2. Liabilities for on expenses side	101	50
<b>IV Other liabilities for taxes, contributions and other levies (1 to 2)</b>	<b>157</b>	<b>76</b>
<b>Accounts payable (suppliers) and other liabilities - total (I to IV)</b>	<b>386</b>	<b>1.413</b>

#### 4.7. Operating income

Description	<i>in BAM</i>	
	31.12.2013.	31.12.2012.
1. Revenues from premiums, subsidies, grants, allowances, compensation and tax duties	0	6.452
<b>I Income from premiums, subsidies, grants, reimbursements, donations, revenue from the budget and other dedicated sources and other similar income - total</b>	<b>0</b>	<b>6.452</b>
1. Revenue from donations	829.208	283.384
2. Memberships income	10.206	930
3. Revenue from dedicated funding sources	1.200	11.244
4. Other income	0	0
<b>II Other operating income - total (I to 4)</b>	<b>840.614</b>	<b>295.558</b>
<b>III Operating income - total (I to II)</b>	<b>840.614</b>	<b>302.010</b>

Income from donations in the amount of 829,208 BAM applies to donated funds accounted on the basis of the grant. Income from membership fees is related to income from the suspension of 3% of the amount of compensation in respect of the copyright work activities performed by hired individuals.

#### Summary of donations received during 2013

No	Name of donator	Amount (in BAM)
1.	EU / European Union Delegation in B&H	681.553
2.	American Embassy in B&H	73.701
3.	Kvinna Till Kvinna	57.013
4.	M:tel a.d. Banja Luka	3.000
5.	Center for youth District Prijedor	3.000
6.	Friedenskreis Halle Germany	2.112
7.	Town Banja Luka	1.200
8.	Other donations	7.628
<b>T o t a l</b>		<b>829.208</b>

The treatment of received donations of Association was not in accordance with IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance, and thus was overestimated revenues by 2013. Underestimated and deferred income from donations to 31.12.2013. year. The above method of presenting the income from donations was not in accordance with IAS 1 - Presentation of Financial Statements. With the audit procedures, we could not be persuaded of the effects mentioned discrepancies in the financial statements of the Association for 2013.

#### 4.8. Financial income

Description	<i>in BAM</i>	
	31.12.2013.	31.12.2012.
1. Interest income	3	32
2. Positive currency differences	0	263
<b>I Financial income - total (1 to 2)</b>	<b>3</b>	<b>295</b>

**4.9. Other income**
*in BAM*

Description	31.12.2013.	31.12.2012.
1. Income from reduction of liabilities, termination of unused long-term provisions and other undisclosed income	5	0
<b>I Other income - total</b>	<b>5</b>	<b>0</b>

**4.10. Operating expenses**
*in BAM*

Description	31.12.2013.	31.12.2012.
1. Costs of other (overhead) material	6.048	5.747
2. Fuel and energy	2.285	2.792
<b>I Material expenses - total (1 to 2)</b>	<b>8.333</b>	<b>8.539</b>
<b>II Gross salaries</b>	<b>166.183</b>	<b>136.043</b>
<b>III Other personal expenses</b>	<b>33.032</b>	<b>29.854</b>
1. Transportation services	5.742	5.118
2. Maintenance	361	608
3. Lease	1.799	637
4. Advertising and commercials	5.892	0
5. Other services expenses	64.264	28.109
<b>IV Operating services expenses - total (1 to 5)</b>	<b>78.058</b>	<b>34.472</b>
<b>V Depreciation</b>	<b>471</b>	<b>1.195</b>
1. Non – operating services	17.950	11.877
2. Representation	66.644	31.862
3. Insurance premiums	268	191
4. Bank charges	3.836	1.978
5. Memberships	180	0
6. Income tax	101	1.715
7. Contributions	166	129
8. Contributions	7.083	1.377
<b>VI Intangible costs - total (1 to 8)</b>	<b>96.229</b>	<b>49.128</b>
<b>VII Operating expenses - total (I to VI)</b>	<b>382.306</b>	<b>259.232</b>

*Other material related expenses*

No	Description	Amount (BAM)
1.	Overhead material	3.141
2.	Office supplies	1.698
3.	Small tools and inventory	1.010
4.	Other material	199
<b>T o t a l</b>		<b>6.048</b>

*Other personal expenses*

No	Description	Amount (BAM)
1.	Business trips	20.318
2.	Lease from natural persons	5.217
3.	Business trip – transport	2.945
4.	Help to natural persons	2.556
5.	Other expenses	1.996
<b>T o t a l</b>		<b>33.032</b>

*Transportation services expenses*

No	Description	Amount (BAM)
1.	Post and Telecommunication	3.169
2.	Transport	1.879
3.	Taxi and rent-a-car services	361
4.	Other expenses	333
<b>Total</b>		<b>5.742</b>

Other expenses are mostly related to the expenses of the contract costs of copyright work (64.127 BAM).

*Non-production related expenses*

No	Description	Amount (BAM)
1.	Bookkeeping	6.522
2.	Auditing	3.600
3.	Scholarships	1.760
4.	Other expenses	6.068
<b>Total</b>		<b>17.950</b>

*Representation expenses*

No	Description	Amount (BAM)
1.	Accommodation and meals	34.595
2.	Catering services	27.105
3.	Representation in their own premises	4.664
4.	Other expenses	280
<b>Total</b>		<b>66.644</b>

Other non-production expenses are related to professional subscriptions (5.971 BAM), taxi (1.091 BAM) and other expenses (21 BAM).

**4.11. Other operating expenses**

Description	<i>in BAM</i>	
	31.12.2013.	31.12.2012.
1. Losses on disposal of material and goods	115.958	15.178
<b>I Other expenses – total</b>	<b>115.958</b>	<b>15.178</b>
1. Impairment of fixed assets	25	0
<b>II Losses on impairment of assets</b>	<b>25</b>	<b>0</b>
<b>III Other operating expenses - Total (I + II)</b>	<b>115.983</b>	<b>15.178</b>
Losses from the mistakes of previous years	1.396	0
<b>Losses from changes in accounting policy and corrections from previous year</b>	<b>1.396</b>	<b>0</b>

Other expenses in the amount of 115,958 BAM are related to expenditure in respect of the costs of the partners of the Association in the implementation of individual projects, and they were recorded at the position of expenditures for humanitarian purposes. The above expenses were not the expenses for humanitarian purposes and should be reclassified to a position that will reflect their essence.

#### 4.12. Financial expenses

Description	<i>In BAM</i>	
	31.12.2013.	31.12.2012.
1. Interest expenses	1	0
<b>Operating expenses - total</b>	<b>1</b>	<b>0</b>

#### 4.13. Litigation

According to the authorized person of the Association, as of 31.12.2013, the Association had no legal disputes.

#### 4.14. Related persons

According to the authorized person of the Association, as of 31.12.2013, the Association did not have any related parties.

#### 4.15. Tax Risks

Republic of Srpska and Bosnia and Herzegovina currently have a number of laws that regulate the various taxes imposed by the relevant authorities. Taxes paid include value added tax, income tax and payroll taxes (mandatory taxes), together with other taxes. In addition, the laws governing these taxes were not enforced for a long time as opposed to the more developed market economies, and the rules by which the implementation of these laws are often unclear or nonexistent. Accordingly, with respect to matters relating to tax law limits the number of cases that can be used as an example. There are often differences of opinion among government ministries and organizations regarding legal interpretations which can lead to uncertainty and conflict of interest. Tax declarations, together with other legal compliance matters (for example, customs and currency control matters) are subject to review and investigation by a number of authorities that are legally allowed to impose extremely severe fines, penalties and interest.

Interpretation of tax legislation by tax authorities as applied to the transactions and activities of the Association may be different from the management. As a result, transactions may be challenged by the tax authorities and the Association may be assessed additional taxes, penalties and interest. These facts influence the tax risks in the Republic of Srpska and Bosnia and Herzegovina is more significant than that in countries with more developed tax systems.

In 2013, Association did not have the control of the Tax Administration of the Republic of Srpska, nor other relevant institutions.

#### 4.16. Subsequent events

According to the authorized person of the Association, there were no events that occurred after the balance sheet date, which may be associated with the period of the audit.