



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

AUDIT REPORT
FINANCIAL STATEMENTS FOR 2016
SEE CHANGE NET FOUNDATION
SARAJEVO

Sarajevo, June 2017.

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Annex 1: Copies of Company and auditor certification

1. DECLARATION OF FULL DISCLOSURE

SEE Change Net Foundation Sarajevo
Branilaca sarajeva 20, 71000 Sarajevo
BiH

Sarajevo, April 18th 2017

DECLARATION OF FULL DISCLOSURE TO THE AUDIT COMPANY "NGO AND BUSINESS AUDIT", d.o.o. SARAJEVO

Dear Sirs,

With reference to the Audit Contract between SEE Change Net Foundation Sarajevo and Auditing Company "NGO AND BUSINESS AUDIT", d.o.o. Sarajevo of November 10th 2015., we are certifying: the acknowledgement of the SEE Change Net Foundation Sarajevo responsibility for the keeping of accounts and financial documents that are correct, complete, fair, representing the true facts, in conformity with the objectives of the project, the documents of reference (description of the project, contracts, budgets, etc.) and national legislation that all accounting records, supporting and other documents, minutes and any pertinent information necessary for the audit will be at the disposal of the auditor the completeness of information concerning property and goods, the completeness of information concerning financing received or due and own financing concerning the audited period, for the project being audited the availability for supplying any information and explanations, either orally or by written confirmation, which might be required by the auditor in the execution of his mandate.

We confirm to the best of our knowledge and belief, and having made the appropriate inquiries, of the officials of the SEE Change Net Foundation Sarajevo, the following representation given to you in connection with your audit of the financial statement for the period 1st January - 31st December 2016.

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the SEE Change Net Foundation Sarajevo have been properly reflected and recorded in the accounting records. All other records and related information which might affect the fairness of, or necessary disclosure in, the accounts, have been made available to you, and no such information has been withheld.

We are not aware of any irregularities, including fraud involving management or employees of the SEE Change Net Foundation Sarajevo other than situation already discussed with you, nor are we aware of any breaches or possible breaches of the BiH regulations, or Contract. No allegation of such irregularities, including fraud or such breaches, has come to our notice.

No circumstances have arisen, or events occurred, between the Financial Statements date and the date of this letter, in respect of matters, which would require adjustments to, or disclosure in accounts.

We are not aware of any circumstances where an entity outside the SEE Change Net Foundation Sarajevo has the right to instruct the SEE Change Net Foundation Sarajevo on its business operations and decisions.

There is no litigation against SEE Change Net Foundation Sarajevo which could cause any contingent liabilities.

For and on behalf of the the SEE Change Net Foundation Sarajevo:

Executive Director _____

GTK



2. INDEPENDENT AUDITOR'S OPINION

Introduction

We have audited the accompanying Balance Sheet and Profit and Loss Statement of the SEE Change Net Foundation Sarajevo, Branilaca Sarajeva 20 as of December 31, 2016.

Management responsibility of SEE Change Net Foundation Sarajevo

Management of the SEE Change Net Foundation Sarajevo is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements free from material misstatement and which are consequences of errors or fraud; selecting and applying appropriate accounting policies and accounting estimates that are appropriate in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with International Standards on Auditing as defined by the International Federation of Accountants. Those standards require that we comply with ethical requirements of the profession and to perform the audit in a manner to obtain reasonable assurance about whether the financial statements are free of 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 the assessment of the risks of material misstatement of the financial statements, whether caused by error or a fraud. The risk assessment considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls.

Opinion

In our opinion, based on the audit performed, the above financial statements give a true and fair view, in all material respects, of the financial position of the SEE Change Net Foundation Sarajevo as of December 31, 2016, and of its financial performance, and is in accordance with the generally accepted accounting standards.

Sarajevo, June 09th 2017.

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

Licensed Auditor



Ismeta Čardaković, B.Sc. Oec

License no. 3090185103



Director



Šejla Jakupović, B.Sc. Oec

3. INTRODUCTION

SEE Change Net Foundation was founded in Sarajevo, Bosnia and Herzegovina, in 2012. As SEE Change Net Foundation deals with sustainable development issues, the 'SEE' stands for Social, Economic, and Environmental – which are the three pillars of sustainable development and must be in harmony for long term, people centred development to occur.

SEE Change Net Foundation has 6 employees and 18 CSO partners. The administration staff oversee office and IT infrastructure, human resources, finance, grant administration and organisational development. The communications team takes care of internal and external communications, digital and print publications and media relations.

SEE Change Net Foundation works in three policy areas: Good Governance, Quality of Life and Resource Efficiency.

SEE Change Net Foundation objectives and activities are as follows:

- Establishment of cooperation between and provision of support to various institutions and organisations dealing with the problems of civil society, science, policy making, state administration and local self-governance; finding long-term solutions for all generations in Bosnia and Herzegovina, rebuilding good relations and striving to increase cooperation between the countries of the region;
- Assistance in creating a more favourable climate in the field of environmental protection with the enlargement of social connections;
- Support and assistance in promoting reports, studies, appraisals, analysis, opinions, examination of documents, plans, programmes, perspectives, strategies, policies, cartographic studies and other similar documents;
- Organisation of conferences, seminars, symposiums, meetings, courses, workshops and similar, toward reaching the Foundation's objectives;
- Issuance of multimedia materials in the field of the Foundation's activities and objectives;
- Exchange of knowledge, experiences, expertise and information with foundations with similar or overlapping aims in Bosnia and Herzegovina and abroad, and with other actors that support and assist in promoting the matters that the Foundation advocates for;
- Exchange of experiences with all relevant institutions and organisations in the country and abroad, toward carrying out the Foundation's activities.

3.1 SEE Change Net Foundation Sarajevo Profile

- Name: SEE Change Net Foundation Sarajevo
- Main Office: Bosnia and Herzegovina, Sarajevo, Branilaca Sarajeva 20
- Registration Court: Number UP 08-07-3-1369/11, dated 29.09.2011.
- ID number: 4201707350008
- VAT No: VAT exempt
- Executive Director: Garret Tankosic-Kelly

3.2. Management and Supervision

In accordance with the Statute, the bodies of the organization are:

1. Management Board of the Foundation,
2. Executive Director of the Foundation.

The Management Board is the body responsible for managing the Foundation. The Management Board is comprised of 3 members, including the President of the Management Board.

The Management Board of the SEE Change Net Foundation shall be responsible for the following:

- Enactment of the Statute and amendments and supplements to the Statute;
- Adoption of other acts envisaged by the Statute;
- Managing the foundation's assets in accordance with law, the Statute and the Annual Action Plan of the Foundation;
- Appointment of the Director and other persons authorised to represent and act on behalf of the Foundation;
- Making decisions on merger, separation, transformation and cessation of work, as well as on other status changes of the Foundation;
- Adoption of narrative, financial and other reports;
- Adoption of the Foundation Annual Action Plan, including the financial plan being its integral part;
- Establishment of councils, standing and occasional committees, boards and other technical bodies;
- Selection of projects as proposed by the Director, which are to be supported by the Foundation and financed by the funds allocated to the Foundation;
- Evaluation and monitoring of the project implementation applying the approved criteria;
- Rendering decisions on the establishment of offices or other organisational forms of the Foundation.

The Executive Director manages the business activities of the Foundation and answers to the Management Board for legality of the Foundation's activities. The Director is appointed by the Management Board for a 5-year mandate, with the possibility of reappointment.

Some of Executive Director duties are as follows:

- represents and acts on behalf of the Foundation,
- executes the decisions of the Management Board,
- sees to the legality of the material and financial operations of the Foundation,
- appoints the Foundation personnel, signs the contracts on hiring staff or external associates, and decides on all other matters concerning the employment and legal relationships;
- manages the activities of the Foundation and evaluates the performed work against the objectives and activities of the Foundation,
- proposes selection and implementation of the projects by which the objectives of the Foundation should be reached in accordance with the Statute and criteria set by the Annual Action Plan.,
- prepares and submits to the Management Board the Foundation's draft Annual Action Plan, etc.

3.3. General Policies and Procedures

The SEE Change Net Foundation Sarajevo general policies and procedures include:

- The Statute,
- Accounting Rulebook,
- Rulebook on accounting policies,
- Rulebook on petty cash operations,
- Rulebook on working conditions,
- Rulebook on financial management,
- Rulebook on Business Trips,
- Procedures for Registration of Working Hours.

3.4. Structure and Number of Employees

The SEE Change Net Foundation Sarajevo employs 2 full time employees.

There is a clear organizational structure with respect to the segregation of duties. The job descriptions are defined by agreement. Labor relations and all rights of employees are defined in the Rules of Procedure in accordance with current laws of BiH.

The SEE Change Net Foundation Sarajevo organizational staff structure as of December 31st 2016 is shown in the table below:

No	Position title	Qualification	Supervisor
1	Director	University degree	Management Board
2	Operational manager	University degree	Director

3.5. Sources of Funding

The SEE Change Net Foundation Sarajevo obtains funding for its activities through a competitive bidding for donor-supported projects available for project activities under contractual terms and conditions.

All the projects are implemented subject to agreements and the donors approve project documents.

4. AUDIT SCOPE AND METHODOLOGY

The objective of the 2016 financial statement audit is to enable the auditor to express an opinion about whether the financial statements have been prepared, in all material respects, in compliance with the International Accounting Standards and applicable legislation.

The audit objective is to ascertain that:

- The financial statements give a true and fair view of the state of affairs for the fiscal year;
- The funds are used in accordance with the regulations and project agreements, and for purposes intended under such regulations and agreements;
- The internal control system is adequate to ensure the asset safeguarding, objective achievement, compliance with applicable legislation and true and fair SEE Change Net Foundation Sarajevo reporting.

The audit has been planned and performed to provide a reasonable basis for the expression of our opinion on whether the financial statements present a true and fair view of business activities during the fiscal year and the state of affairs at the year-end.

We conducted our audit in accordance with International Auditing Standards.

Our approach was tailored to the specific needs of the SEE Change Net Foundation Sarajevo 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 2016 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 SEE Change Net Foundation Sarajevo.

5. AUDITING PROCEDURES REPORT

We have audited the accompanying financial statements of the SEE Change Net Foundation Sarajevo as of December 31st, 2016. The audit was conducted on-site at the SEE Change Net Foundation Sarajevo premises in Sarajevo, Branilaca Sarajeva 20, in the presence of authorized SEE Change Net Foundation Sarajevo representatives.

These financial statements are the responsibility of the SEE Change Net Foundation Sarajevo management. Our responsibility is to express an opinion on these financial statements based on our audits.

The audit team consisting of Ismeta Čardaković, B.Sc.Oec, the licensed auditor and auditor assistants applied a sampling approach (FBiH Audit Standards 230, 320, 520 and 530) and a test-based examination of the SEE Change Net Foundation Sarajevo documents, using different sample sizes, conditional on the balance item relevance.

5.1. Basis for Financial Statement Presentation

The SEE Change Net Foundation Sarajevo maintains its financial records and prepares the financial statements in accordance with the International Accounting Standards (IAS), i.e. with the International Financial Reporting Standards (IFRS) and Interpretations issued by the International Accounting Standards Board (IASB), and the regulations listed below:

- BiH Accounting and Auditing Law,
- FBiH Law on Financial Operations,
- BiH Law on Associations and Foundations, and
- Other applicable legislation.

The SEE Change Net Foundation Sarajevo financial statements are based on a historical cost principle.

The preparation of financial statements under IFRS requires the SEE Change Net Foundation Sarajevo 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.

Financial reporting is also arranged on a per-project basis for projects implemented during the reporting period. The SEE Change Net Foundation Sarajevo posts the 'project'-related financial transactions using 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.

5.2. Revenue Recognition

According to the modified accrual accounting system, revenues are recognized in the accounting period when they become measurable and available (when paid on the SEE Change Net Foundation Sarajevo account), whereas expenses are recognized when the liability is incurred.

The revenue recognition under this method evolves from the accounting and reporting practices applied to budget beneficiaries, associations and foundations. The system reduces the risk of giving an unrealistic view of the SEE Change Net Foundation Sarajevo's financial position.

Under the above provisions recognized revenues include:

1. Budgetary revenue in the year when received;

2. Revenue received under the donation contracts in foreign or local currency, using the revenue/expense matching approach according to IFRS;
3. Own-source revenue in the period in which they are earned and cash received;
4. Deferred revenue is recognized in the period to which it applies, i.e. in the period when the deferred revenue producing events will occur. This means that the advanced revenue is initially recorded as the accrued revenue, and ultimately transferred to the revenue account:
 - Upon the issuance of invoice for services rendered.
 - Using a straight-line method for deferred revenues.

5.3. 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.

5.4. Tangible Fixed Assets

Tangible fixed assets are the assets that comply with the requirements defined by the Asset Accounting Code and the IAS 16 – Property, Plant and Equipment, and other tangible fixed assets. Paragraph 2, IAS 16 provides a clarification as to the recognition of tangible fixed assets and states: Tangible assets are assets that:

- an entity has for use in the production or supply of goods and services, for lease to third parties or for administrative purposes and other purposes, and
- are expected to be in use for more than a year.

Tangible fixed assets are valued at cost, which includes the purchase price, and any other cost related to the acquisition of tangible fixed assets.

A tangible fixed asset may be recognized in a balance sheet when it is probable that the future economic benefits associated with the asset will flow to the entity, and the cost of the asset can be measured reliably.

Gains and losses on sale or any other disposal of tangible fixed assets are recognized in the profit and loss statement.

The depreciation method applied to tangible fixed assets is that of a constant or straight-line depreciation at proportional rates, in conformity with the rates set in the Asset Depreciation Nomenclature (FBIH Official Gazette 2/95). The amount of depreciation on newly acquired fixed assets is calculated starting with the first day of the following month after the fixed asset has been put into service – paragraph 30, FBIH AS16. The calculation of fixed asset depreciation ends upon the elimination, disposal, sale, etc. of the assets not fully depreciated.

5.5. 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 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. 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.

5.6. 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.

5.7. Cash and Cash Equivalents

Under IAS 7:

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.

5.8. 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.

5.9. 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.

5.10. 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.

5.11. 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.

5.12. Taxes

The SEE Change Net Foundation Sarajevo is a not-for-profit organization and as such is exempt from income tax for the reason that it relies on the funding received from other legal entities, i.e. donors supporting the SEE Change Net Foundation Sarajevo project activities. Under the applicable legislation, associations and foundations are relived of filing and paying income taxes.

6. FINANCIAL REPORTING

The SEE Change Net Foundation Sarajevo prepares its annual financial report. The annual financial report is submitted under the provisions of the BiH Accounting and Auditing Law governing annual reporting for 2016.

The SEE Change Net Foundation Sarajevo submits a set of financial reports to the FIA Agency relevant unit for processing and verification.

FINANCIAL REPORTS

6.1. Balance Sheet

-Amounts in BAM

1	I T E M	Amount after value adjustment deduction -BAM		Notes
		Previous year 2015	Current year 2016	
2	3	4		
Account	ASSETS			
	A) FIXED ASSETS			1
0	Property, plant and equipment	-	-	
01	Intangible fixed assets	-	-	
02,03	Long-term deposits and receivables	-	-	
04	Biological assets	-	-	
05	Investment in property	-	-	
06	Fixed assets for sale	-	-	
08	Long-term accruals	-	-	
	B) CURRENT ASSETS	88.835	523.489	2
10	Cash and cash equivalents	54.063	523.489	2.1.
11,12	Short-term deposits and receivables	34.772	-	
13	Inventories	-	-	
14	VAT refund	-	-	
18	Short-term accruals	-	-	
	TOTAL ASSETS	88.835	523.489	
	LIABILITIES AND CAPITAL			
	A) CAPITAL			
200	Retained revenue	-	-	
201	Reserves	-	-	
202	Retained earnings	-	-	
203	Retained losses	-	-	
204	Revaluation reserves	-	-	
	B) Long-Term Liabilities			
21	Long-term financial liabilities	-	-	
28	Long-term accruals and provisions	-	-	
	C) Short-term liabilities	88.835	523.489	3
30	Current liabilities	2.593	216	3.1.
31,32	Short-term financial liabilities	-	2.240	3.2.
34	VAT payables	-	-	
38	Short-term accruals and provisions	86.242	521.033	3.3.
	TOTAL LIABILITIES AND CAPITAL	88.835	523.489	

6.2. Profit and Loss Statement

- Amounts in BAM

1	ITEM	Amount - BAM		Notes
		Previous year 2015	Current year 2016	
Account	2	3	4	
	A. REVENUES			4
410	Membership fees	-	-	
411	Budgetary revenues	-	-	
412	Humanitarian revenues	1.097.022	768.937	
417	Own-source revenues	-	7	
418	Other revenues	1.725	-	
	Total revenues	1.098.747	768.944	
	B. EXPENDITURES			5
400	Material and energy	11.035	5.975	
401	Services	311.572	120.815	
402	Salaries and other allowances	239.154	216.318	
403	Depreciation	9.223	-	
404	Financial expenses	1.583	780	
405	Travel expenses	148.544	93.415	
406	Humanitarian expenses	33.911	-	
407	Taxes and contributions not based on business performance	-	-	
408	Other expenses	343.725	331.641	
	Total expenditures	1.098.747	768.944	
	C. BALANCE	-	-	
	Surplus revenues	-	-	
	Surplus expenditures	-	-	

7. AUDITOR'S NOTES

Note 1: Fixed Assets (BAM 0)

Account	CURRENT ASSETS	Year 2015	Year 2016
		BAM	BAM
	A) FIXED ASSETS		
0	Property, plant and equipment	-	-
01	Intangible fixed assets	-	-
02,03	Long-term deposits and receivables	-	-
04	Biological assets	-	-
05	Investment in property	-	-
06	Fixed assets for sale	-	-
08	Long-term accruals	-	-

The fixed assets are not recorded at their historical cost and adjusted by accumulated depreciation. Knowing that SEE Change Net Foundation is reporting all furniture and office equipment purchase as expenditures all fixed assets are written off 100% upon procurement which is not in accordance with international accounting standards.

- Amounts in BAM

DESCRIPTION	Tangible fixed assets			Total
	Inventory - Office equipment	Office furniture	Equipment	
Nett amount				
As of January 01st 2016	11.046	8.142	9.223	28.411
Increase-Decrease	0	0	0	0
Written off assets				0
Balance as of December 31st 2016	11.046	8.142	9.223	28.411
Depreciation				
As of January 01st 2016	11.046	8.142	9.223	28.411
Changes +/-				0
Depreciation	0	0	0	0
Depreciation as of December 31st 2016	11.046	8.142	9.223	28.411
Total as of January 01st 2016	0	0	0	0
Total as of December 31st 2016	0	0	0	0

Table – Fixed Assets after Depreciation

Description:

- In 2016 there was no purchased fixed assets.
- By definition the assets are supposed to be used more than one year and to have value exceeding BAM 250. As such, they are considered as investment but not as expenditures. International accounting standards and provisions of Law on accounting and auditing of FBiH, determines the rules that assets should be gradually written off, as prescribed by official depreciation rates regulated by Law. Auditor recommend the Auditee to record assets in compliance with Accounting standards and Law provisions.

Note 2: Current Assets (BAM 523.489)

The SEE Change Net Foundation Sarajevo current assets as at December 31st 2016. Comprise of goods and material in stock, receivables and other receivables as shown below:

Account	CURRENT ASSETS	Year 2015	Year 2016
		BAM	BAM
	B) CURRENT ASSETS	88.835	523.489
10	Cash and cash equivalents	54.063	523.489
11,12	Short-term deposits and receivables	34.772	-
13	Inventories	-	-
14	VAT refund	-	-
18	Short-term accruals	-	-

Note 2.1: Cash and cash equivalents (BAM 523.489)

The structure of the cash assets of the SEE Change Net Foundation Sarajevo is distributed as follows:

Account	Item	Dec. 31 2015	Dec. 31, 2016
100	Cash on hand	291	169
101	Bank account and current accounts	23.074	6.274
102	Foreign Petty cash	0	0
103	Foreign currency bank account	31.374	517.051
104	Debit card	-676	-6
	TOTAL	54.063	523.489

Account	BANK ACCOUNTS IN BAM	Dec. 31 2015	Dec. 31, 2016
101	Bank Account and Current Accounts	23.074	6.274
	Bank account 1	23.074	6.274
103	Bank Account - Foreign Currency	31.374	517.051
	<i>Foreign Currency Account EUR</i>	31.318	516.995
	<i>Foreign Currency Account USD</i>	56	56
	TOTAL ON BANK ACCOUNTS	54.448	523.326
100	PETTY CASH BAM	291	169
102	PETTY CASH - FOREIGN CURRENCY	0	0
104	DEBIT CARD	-676	-6
	TOTAL CASH AND CASH EQUIVALENTS	54.063	523.489

SEE Change Net Foundation Sarajevo uses the transaction accounts held with one commercial bank (Raiffeisen bank dd) for its business transactions. Person authorized for signing the bank orders on all transaction accounts is Executive director.

The bank statements as of December 31st 2016 disclose the same balance as that in the general ledger. The funds on the transaction accounts total to BAM 523.326.

The cash-on-hand account as of December 31st 2016 reflects the same balance as the latest cash-on-hand statement. Cash on hand on the balance sheet in BAM total to BAM 169, where as fund balance on debit card was negative in total amount BAM -6.

Note 3: Short term Liabilities (BAM 523.489)

Account	ACCOUNT	Year 2015	Year 2016
	C) Short-term liabilities	88.836	523.489
30	<i>Current liabilities</i>	2.594	216
31,32	Short-term financial liabilities	-	2.240
34	VAT payables	-	-
38	<i>Short-term accruals and provisions</i>	86.242	521.033
380	Incurring but not paid costs	12.925	78.536
381	Received donation of future period	73.317	442.496

Short term (current) liabilities in amount BAM 2.456 relates to liabilities for expenditures incurred in 2016, but not paid as of December 31st 2016.

As of December 31st 2016 Short-term accruals and provisions are recorded in the amount of BAM 521.033. This amount relates to account 380 - Incurred expenditures that were not paid as of December 31st 2016 and account 381 - Received donation for funding of project activities that will be implemented in the future and. After the implementation of the project activities (implemented by SEE Change Net Foundation Sarajevo), such eligible amounts are transferred from accruals to income and expenditures of the period. This is the way to comply with principle of matching revenues and expenses during the reporting period.

Note 4: Revenues (BAM 768.944)

Revenues are received under the donations for project activities funded by international donors. Such incomes are aimed for funding and supporting planned project activities, as designated and approved by the donor's contracts. SEE Change Net Foundation Sarajevo total revenues for 2016 are disclosed in amount BAM 768.944.

In 2016 SEE Change Net Foundation Sarajevo implemented one project which was co funded by different donors. Each donor is setting individual reporting requirements in grant agreements and SEE Change Net Foundation Sarajevo is obligated to obey such requirements. The project books are in compliance with general ledger and financial statements prepared by external accounting agency.

Detailed list of revenues (incomes) per donors for year 2016 is given in the table below:

Humanitarian revenue 2016 per Projects			
No.	Accounting code	Donor	BAM
1	41215	European Commission 2EC	489.194
2	41290	Sticking European climate grant	39.117
3	41292	PWC	734
4	41293	Travel costs - reimbursement	2.080
5	41294	Postdam - Institute Fuer EUCALC	237.812
		Total Humanitarian revenue	768.937
Other income 2016			
No.	Accounting code	Description	BAM
1	41722	Other income	7
		Total Other income	7
		TOTAL INCOME 2016	768.944

Note 5. Expenditures (BAM 768.944)

Total expenditures in accounting records for the period January 1st - December 31st 2016 are disclosed in amount of BAM 768.944 (as presented in Income statement for 2016).

Detailed list of Expenditures in 2016 is given in the table bellow:

Account	Expenditure Category	Amount in - BAM
	EXPENDITURES	768.944
400	Material and energy	5.975
401	Service	120.815
402	Salaries and other allowances	216.318
403	Depreciation	-
404	Financial expenses	780
405	Travel expenses	93.415
406	Humanitarian expenses	-
407	Taxes and contributions independent	-
408	Other expenses	331.641

All expenditures per projects are fully reconciled with expenditures as disclosed in Income statement for 2016.

It was found that:

- The salary and remunerations for staff include eligible costs only and salaries and remunerations have been paid in accordance with local rules and legislation, and in accordance with projects budgets. These costs are debited to the projects and recorded throughout the 2016 year in a systemized way. Salary costs are supported by adequate and sufficient documentation.
- All social contributions and taxes for local staff salaries and external experts are correctly calculated and paid in accordance with local rules and legislations.
- Other expenditures recorded throughout the 2016 year is supported by adequate accounting documentation. They relate to payments to partners involved in project implementation
- Declared expenditures are adequate, related to the Project activities and incurred in the fiscal period.
- 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.
- Overall conclusion can be defined as follows: The funds are used in accordance with the regulations and Donors agreements, and for purposes as defined in each project document.

Note 6.: Income statement balance

Adhering by the Accounting Principles Code and the FBiH Accounting Standards, the SEE Change Net Foundation completed:

- Calculation of the financial performance over a given accounting period by matching reported incomes with total expenditures for a given accounting period.
- At the end of the fiscal year 2016, the SEE Change Net Foundation did not reported excess revenues over expenses or reverse.

8. 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 SEE Change Net Foundation Sarajevo 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 SEE Change Net Foundation Sarajevo performance efficiency (quality, resources use efficiency), reliability of financial reporting and compliance of procedures applied with applicable laws and regulations. Ensuring that adequate organizational structure and sufficient internal policies and procedures provides a basis for establishing a control environment.

Performed Audit procedures revealed that:

SEE Change Net Foundation Sarajevo presented to Auditor the Statute. This is mandatory document, which has to be prepared before each NGO or Association is registered. In addition Auditor was presented following policies and procedures:

- Accounting Rulebook,
- Rulebook on accounting policies,
- Rulebook on petty cash operations,
- Rulebook on working conditions,
- Rulebook on financial management,
- Rulebook on Business Trips,
- Procedures for Registration of Working Hours (timesheets).

In accordance with previous auditor recommendation, SEE Change Net Foundation Sarajevo this year adopted Rulebook on business trips and Procedures for registration of working hours, Drafts of Rulebook on internal organization and systematization of work positions, Rulebook on Governing Board and Rulebook on procurement has been developed and prepared to be adopting.

Policies and procedures as stated above are developed in compliance with the defined guidelines for establishing and strengthening internal control system aimed at ensuring control procedures for proper managing of donor funds.

The internal control system is adequate to ensure the asset safeguarding, objective achievement, compliance with applicable legislation and true and fair SEE Change Net Foundation Sarajevo reporting.

9. ACKNOWLEDGEMENT

The audit team would like to express its appreciation to the SEE Change Net Foundation Sarajevo 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, June 09th 2017.

Audit and Consulting Company
“NGO and Business Audit” d.o.o. Sarajevo

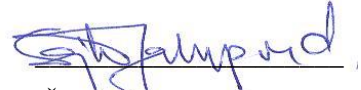
Licensed Auditor



Ismeta Čardaković, B.Sc. Oec



Director



Šejla Jakupović, B.Sc. Oec

Annex 1: Copies of Company and auditor certification

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

BOSNIA AND HERZEGOVINA
FEDERATION OF BOSNIA AND HERZEGOVINA
FEDERAL MINISTRY OF FINANCE

Na osnovu člana 55. Zakona o računovodstvu i reviziji u Federaciji Bosne i Hercegovine („Službene novine Federacije BiH“ broj: 83/09) i u skladu sa odredbama čl. 3. i 4. Pravilnika o načinu i uslovima izdavanja, obnavljanja i oduzimanja licenci ovlaštenim revizorima i društvima za reviziju („Službene novine Federacije BiH“ br: 12/10 i 42/10), Federalno ministarstvo finansija-Federalno ministarstvo finansija

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NGO & BUSSINESS Audit d.o.o. Sarajevo

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

Imenovano društvo je upisano u Registar revizorskih društava pod registarskim brojem: 9090409104

Sarajevo, 17.9.2010. godine





MINISTAR
Vjekoslav Bevanda
Vjekoslav Bevanda

BOSNA I HERCEGOVINA
FEDERACIJA BOSNE I HERCEGOVINE
FEDERALNO MINISTARSTVO FINANSIJA
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Ova licenca važi do 4.5.2019. godine

Imenovani je upisan u Registar ovlaštenih revizora pod registarskim brojem: 3090185103

Sarajevo, 4.5.2016. godine




MINISTAR
Jelka Miličević