

**Center for Research, Transparency and  
Accountability, Belgrade  
Special purpose financial statements for  
Year Ended December 31, 2015 and  
Independent Auditors' Report**

**CENTER FOR RESEARCH, TRANSPARENCY  
AND ACCOUNTABILITY, BELGRADE**

**CONTENTS**

	<b>Page</b>
Independent Auditors' Report	1
Special Purpose Financial Statements:	
Income Statement	3
Balance Sheet	4
Notes to Special Purpose Financial Statements	5 - 12

## INDEPENDENT AUDITORS' REPORT

### To the Management of CENTER FOR RESEARCH, TRANSPARENCY AND ACCOUNTABILITY, BELGRADE

We have audited the accompanying special purpose financial statements (pages 2 to 11) of Center for Research, Transparency and Accountability, Belgrade (hereinafter "the Entity"), which comprise the balance sheet as of December 31, 2015, and the related income statement for the year then ended, and a summary of the significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of these special purpose financial statements in accordance with the accounting regulations of the Republic of Serbia, and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing, the Law on Accounting of the Republic of Serbia, the Law on Auditing of the Republic of Serbia, the Regulations on the content and form of financial statements for other legal entities and the Rulebook on recognition and evaluation of assets and liabilities, income and expenses for micro-sized legal entities and other legal entities. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose financial statements are free from material misstatement.

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

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

#### *Basis for Qualified Opinion*

Rental costs amount to RSD 3.274 thousand in total from which costs of rent of the office building in Topolska Street No. 22 amount to RSD 2.159 thousand as of 31 December 2015. According to the rental contract, the amount of RSD 2.159 thousand consists of the total rental fee for the entire rental period (1 October 2015 – 30 June 2016) in the amount of RSD 1.919 thousand and guarantee deposit of RSD 240 thousand. The Entity has shown the entire amount of RSD 2.159 thousand (rental fee increased for the guarantee deposit) as expenses of the period.

The Entity has not made a proper cut – off of rental costs between the two accounting periods.

Considering that rent pertains to the period from 1 October 2015 to 30 June 2016, costs of rent for 2015 should amount to RSD 480 thousand, while the remaining amount of RSD 1.439 thousand should have been shown as accruals, which should be expensed in 2016. Guarantee deposits of RSD 240 thousand should have been presented as given deposits under short – term receivables in the balance sheet.

Therefore, expenses of 2015 have been overstated in the amount of RSD 1.679 thousand, while accruals and short – term deposits understated for RSD 1.439 thousand and RSD 240 thousand, respectively.

## INDEPENDENT AUDITORS' REPORT

To the Management of CENTER FOR RESEARCH, TRANSPARENCY AND ACCOUNTABILITY, BELGRADE  
(Continued)

### *Opinion*

In our opinion, except for the effects of the matters described in paragraph Basis for Qualified Opinion, the special purpose financial statements of the Center for Research, Transparency and Accountability, Belgrade for the year ended December 31, 2015 have been prepared, in all material respects, in accordance with the accounting regulations of the Republic of Serbia.

Belgrade, December 7, 2016

Nebojša Stanković  
Certified Auditor



**INCOME STATEMENT**  
**Year Ended December 31, 2015**  
**(Thousands of RSD)**

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
<b>REVENUES FROM REGULAR OPERATIONS</b>			
<b>OPERATING REVENUES</b>			
Income from sales of products and service rendered		-	487
Income from premiums, subventions, donations, etc.		66,727	38,808
		<u>66,727</u>	<u>39,295</u>
<b>COSTS FROM REGULAR OPERATIONS</b>			
<b>OPERATING EXPENSES</b>			
Income from the own use of products, services and merchandise		324	-
Cost of material and energy	6	(2,970)	(440)
Cost of salaries, fringe benefits and other personal expenses	7	(20,034)	(19,508)
Costs of production services	8	(9,915)	(18,162)
Depreciation costs		(392)	(380)
Non-production costs	9	(33,781)	(1,324)
		<u>(66,768)</u>	<u>(39,814)</u>
<b>OPERATING LOSS</b>		<u>(41)</u>	<u>(519)</u>
<b>FINANCIAL INCOME</b>	5	1,063	536
<b>FINANCIAL EXPENSES</b>	10	(1,053)	(88)
<b>FINANCIAL PROFIT</b>		<u>10</u>	<u>448</u>
<b>OTHER INCOME</b>		59	81
<b>OTHER EXPENSES</b>		(28)	-
<b>EXCESS OF INCOME OVER EXPENSES FROM REGULAR BUSINESS OPERATIONS BEFORE TAXATION</b>		<u>-</u>	<u>10</u>
<b>EXCESS OF EXPENSES OVER INCOME, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS FROM PREVIOUS YEARS</b>		<u>-</u>	<u>(10)</u>
<b>NET EXCESS OF INCOME OVER EXPENSES</b>		<u>-</u>	<u>-</u>
<b>NET EXCESS OF EXPENSES OVER INCOME</b>		<u>-</u>	<u>-</u>

The accompanying notes on the following pages  
form an integral part of these special purpose financial statements.

These special purpose financial statements were adopted by the Entity's management on February 20, 2016.

Signed on behalf of the Center for Research, Transparency and Accountability, Belgrade by:

Finance and Administration Director  
Veljko Miličević





**BALANCE SHEET**  
**As of December 31, 2015**  
**(Thousands of RSD)**

	Notes	December 31 2015	December 31 2014
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Intangible assets	11	333	444
Property, plant and equipment	11	504	785
		<u>837</u>	<u>1,229</u>
<b>CURRENT ASSETS</b>			
Inventories		13	9
Other receivables	12,14	26,469	-
Cash and cash equivalents	13	22,748	13,776
		<u>49,230</u>	<u>13,785</u>
<b>TOTAL ASSETS</b>		<u>50,067</u>	<u>15,014</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE IN EQUITY</b>			
Retained excess of income over expenses		12	-
		<u>12</u>	<u>-</u>
<b>LONG- TERM PROVISIONS AND LIABILITIES</b>			
Short-term liabilities			
Short-term financial liabilities		42	-
Liabilities from business operations		313	323
Other short-term liabilities		-	34
Accruals and differed income	14	49,700	14,657
		<u>50,055</u>	<u>15,014</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>50,067</u>	<u>15,014</u>

The accompanying notes on the following pages  
form an integral part of these special purpose financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2015**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**1. FOUNDATION AND ACTIVITY**

The Entity (Center for Research, Transparency and Accountability) is a grassroots civil organization founded in August 2002 under the name LiNet (Liberal Network) with the mission to contribute to Serbia's transition into democracy through promotion of citizens' active role in society and strengthening of their advocacy capacities.

The Entity is comprised of mainly young people with significant experience in civic activism, journalism and politics. By developing different accountability monitoring mechanisms the Entity educates citizens about accountability concept and advocates for accountability to be implemented in political practices and legislation as a core value of a developed democratic society. Vision of the Entity is Serbia with democratic tradition and its citizens ready to be accountable and to demand accountability. Mission of the Entity as a non-partisan civil society organization is to improve citizens' political culture and build a democratic society in Serbia by developing and advocating for accountability.

The Entity's headquarters is in Belgrade, Topolska Street, number 22.

Identification number is 17414054.

Tax identification number (TIN) is 102211181.

**2. BASIS OF PREPARATION AND PRESENTATION OF SPECIAL PURPOSE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION**

**2.1. Special Purpose Financial statements**

Special Purpose financial statements of the Entity comprise the balance sheet as of December 31, 2015, and the income statement for the year ended December 31, 2015.

**2.2. Basis of Preparation and Presentation of Special Purpose Financial Statements**

Pursuant to the Law on Accounting (official Gazette of the Republic of Serbia no. 62/2013) and the Law on Auditing (official Gazette of the Republic of Serbia no. 62/2013), legal entities and enterprises incorporated in Serbia are required to maintain their books of account, to recognize and value assets and liabilities, income and expenses, and to present, submit and disclose special purpose financial statements in conformity with the prevailing legislation and professional rules.

The legislation means the laws and implementing regulations issued for the enforcement of the law. The internal rules shall mean the general acts passed by the legal entity containing specific instructions and guidelines for bookkeeping, accounting policy for recognition and evaluation of assets and liabilities, income and expenses, instructions and guidelines for the adoption, submission and disclosure of financial statements, and other questions about keeping books of account and preparation of special purpose financial statements.

In compliance with legal and professional regulations the Entity is classified as micro legal entity and, for recognizing, measuring and evaluating assets and commitments, revenues and expenditures of small legal entities and entrepreneurs not applying IAS, i.e. IFRS. The accompanying special purpose financial statements are presented in the form prescribed by the Regulations on the content and form of financial statements for other legal entities (Official Gazette of the Republic of Serbia no. 137/2014) and in accordance with the Rulebook on recognition and evaluation of assets and liabilities, income and expenses for micro-sized legal entities and other legal entities (Official Gazette of the Republic of Serbia no. 118/2013 and 95/2014). These rules take the law defined a complete set of special purpose financial statements.

Special purpose financial statements are prepared on an assessment of management to the Entity to operate for an unlimited period of time that will continue in operation for the foreseeable future.

The special purpose financial statements were prepared at historical cost principle, unless otherwise stipulated in the accounting policies presented hereunder.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2015**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**2. BASIS OF PREPARATION AND PRESENTATION OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (Continued)**

**2.2. Basis of Preparation and Presentation of Special Purpose Financial Statements (Continued)**

In the preparation of the accompanying financial statements, the Entity adhered to the accounting policies described in Note 3.

The Entity's financial statements are stated in thousands of dinars (RSD). The dinar is the official reporting currency in the Republic of Serbia.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1. Income and Expense Recognition and Measurement**

Other operating income consists of income from ordinary Entity's activities. Incomes from the ordinary Entity's activities are grant income received for the realization of the Entity's projects activities.

The grant is recognized as income over the period necessary to match them with related costs, for which they are intended to compensate, on a systematic basis. Grants related to depreciable assets are usually recognized as income over the periods and in the proportions in which depreciation on those assets is charged.

Grants related to assets, including non-monetary grants at fair value, are presented in the balance sheet by setting up the grant as deferred income.

Interest income is calculated and credited to the income statement in the period it relates to.

Expenses include costs arising from ordinary activities of the Entity and losses. Expenses arising from ordinary activities of the Entity include: costs of materials, cost of wages, salaries and other personal expenses, depreciation and amortization and other expenses, regardless of the time of payment.

**3.2. Foreign Exchange Translation**

Transactions denominated in foreign currencies are translated into dinars at the official exchange rates in effect at the date of each transaction-prompt exchange.

Assets and liabilities in foreign currencies are translated into their RSD equivalent at the official middle exchange rate of the National Bank of Serbia prevailing at the balance sheet date (closing rate).

Foreign exchange gains and losses arising upon the translation of transaction, and assets and liabilities in foreign currencies are credited or charged to the income statement.

**3.3. Equipment**

Equipment is stated at historical cost, less accumulated depreciation. Cost represents the prices billed by suppliers together with costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Equipment is capitalized as an asset if it is expected that its useful economic life will exceed one year.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales or disposal proceeds and the net book value of the asset. The gain or loss is recognized in the statement of income.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2015**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.4. Depreciation**

Depreciation is provided for on a straight-line basis in order to write-off the assets over their estimated useful lives. The depreciation of these assets commences when the assets are ready for their intended use.

**3.5. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and balances on accounts held with commercial banks. Cash and cash equivalents included in the special purpose financial statements relate to the Entity's cash balances on the current accounts kept in RSD and they are stated at their nominal values.

Assets in foreign currency accounts with banks, are translated at the balance sheet at their counter value using the official closing middle exchange rate of the National Bank of Serbia.

Transactions during the year in foreign currency accounts shall be converted into cash counter value using the official middle exchange rate of National Bank of Serbia at the transaction-prompt exchange.

**3.6. Grants**

The value of donated assets is initially recorded as deferred income from grants, presented under liabilities in the balance sheet, and subsequently, is credited to the income statement in the period in which the costs related to the consumption of the grants assets are recognized.

The cash donations that cover one accounting period and are intended to cover the Entity's expenses, or to increase its income, are recognized as income when received.

**3.7. Financial Instruments**

Financial assets and financial liabilities or equity instruments are recognized in the Entity's balance sheet on the date upon which the Entity becomes counterparty to the contractual provisions of a specific financial instrument.

Financial assets cease to be recognized when the Entity loses control of the contractual rights governing such instruments, which occurs when the rights of use of such instruments have been realized, expired, abandoned, and/or ceded. Financial liabilities cease to be recognized when the Entity fulfills the obligations, or when the contractual repayment obligation has either been cancelled or has expired.

*Accounts Receivable*

Accounts receivable are stated at their nominal values.

*Financial Liabilities*

Financial liabilities are stated at nominal value, as increased by the amount of interest expense as defined under the respective contracts.

*Accounts Payable*

Accounts payable are stated at the amount of the disbursements received.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2015**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES**

The presentation of the special purpose financial statements requires the Entity's management to make best estimates and reasonable assumptions that influence the assets and liabilities amounts, as well as the disclosure of contingent liabilities and receivables as of the date of preparation of the financial statements, and the income and expenses arising during the accounting period. These estimations and assumptions are based on information available to us, as of the date of preparation of special purpose financial statements. Actual results may vary from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**4.1. Depreciation and Amortization Charge and Rates Applied**

The calculation of depreciation, as well as depreciation rates are based on the economic useful life of equipment. Once a year, the Entity reviews the economic useful life based on the current estimates as well as the adequacy of the estimates, or whenever there are indications of significant changes in certain assumptions.

**5. FINANCIAL INCOME**

	Year Ended December 31, 2015	2014
Other interest income	30	16
Foreign exchange gains (IAS 21)	1,033	520
	<u>1,063</u>	<u>536</u>

**6. COST OF MATERIALS AND ENERGY**

	Year Ended December 31, 2015	2014
Cost of other material (Overheads)	2,466	264
Cost of Fuel and Energy	239	130
Write offs - tools and inventory	265	46
	<u>2,970</u>	<u>440</u>

**7. STAFF COSTS**

	Year Ended December 31, 2015	2014
Costs of salaries and fringe benefits (gross)	10,347	7,427
Costs of taxes and contributions on salaries and fringe benefits charged to employer	1,852	1,330
Costs of remunerations according to author's contracts	6,119	8,289
Costs of remunerations to individuals according to other contracts	-	488
Other personal earnings of employees - gross	73	-
Other personal expenses remunerations	1,643	1,974
	<u>20,034</u>	<u>19,508</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2015**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**8. COSTS OF PRODUCTION SERVICES**

	Year Ended December 31, 2015	2014
Transport services costs	3,263	3,431
Maintenance costs	2,023	1,430
Rental costs	3,626	1,662
Advertising costs	799	519
Costs of other services	204	11,120
	<b>9,915</b>	<b>18,162</b>

**9. NON-PRODUCTION COSTS**

	Year Ended December 31, 2015	2014
Cost of consulting services (accounting services, audit, lawyers, translation services, design costs)	2,842	532
Services related to the main activities of the project	26,638	-
Representation costs	3,767	624
Costs of payment operations	224	139
Costs of membership fees	110	-
Other non-production costs	200	29
	<b>33,781</b>	<b>1,324</b>

**10. FINANCIAL EXPENSES**

	Year Ended December 31, 2015	2014
Interest expenses	-	2
Foreign exchange losses	1,053	86
	<b>1,053</b>	<b>88</b>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

All amounts expressed in thousands of RSD, unless otherwise stated.

11. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Equipment	Intangible assets
<b>Cost</b>		
Balance, January 1, 2014	1,269	23
Additions	136	532
Balance, December 31, 2014	<u>1,405</u>	<u>555</u>
Balance, January 1, 2015	1,405	555
Additions	-	-
Balance, December 31, 2015	<u>1,405</u>	<u>555</u>
<b>Accumulated Depreciation</b>		
Balance, January 1, 2014	346	6
Charge for the year	274	105
Sale and disposal	-	-
Balance, December 31, 2014	<u>620</u>	<u>111</u>
Balance, January 1, 2015	620	111
Charge for the year	281	111
Sale and disposal	-	-
Balance, December 31, 2015	<u>901</u>	<u>222</u>
<b>Net book value:</b>		
- December 31, 2015	<u>504</u>	<u>333</u>
- December 31, 2014	<u>785</u>	<u>444</u>

12. OTHER RECEIVABLES

Other receivables as at 31 December 2015 were 26,469 thousand dinars (31 December 2014: zero) and mainly relate to receivables from donors based on the concluded grant contracts, for which the payment have not been executed until 31. December 2015 (Note 14).

13. CASH AND CASH EQUIVALENTS

	December 31, 2015	December 31, 2014
Current account	13,546	4,319
Foreign currency account	9,202	9,457
	<u>22,748</u>	<u>13,776</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

All amounts expressed in thousands of RSD, unless otherwise stated.

13. CASH AND CASH EQUIVALENTS (Continued)

The following table represents the breakdown of cash and cash equivalents as of December 31, 2015 by Donators:

	December 31, 2015	December 31, 2014
<b>Current account</b>		
Delegation of the European Union to the Republic of Serbia (EU)	332	1,194
National Endowment for Democracy (NED)	151	302
Rockefeller Brothers Fund (RBF)	350	443
United Nations Development Program (UNDP)	82	391
British Embassy Belgrade	934	1,781
Balkan Trust for Democracy (BTD)	11,262	5
OEBS	254	7
Civil Rights Defenders (CRD)	94	56
Other	87	140
	<b>13,546</b>	<b>4,319</b>
<b>Foreign currency account</b>		
USAID	4,154	-
SOVVA	1,108	-
Rockefeller Brothers Fund (RBF)	2,215	2,486
Netherlands Embassy	1,165	-
Delegation of the European Union to the Republic of Serbia (EU)	-	6,971
Peace Nexus	560	-
	<b>9,202</b>	<b>9,457</b>
	<b>22,748</b>	<b>13,776</b>

14. ACCRUALS AND DIFFERED INCOME

Accruals and differed income stated as of December 31, 2015 in the amount of 49,700 thousand dinars (December 31, 2014: 14,657 thousand dinars) entirely related to accrued revenues from donations and deferred revenues based on received donations.

	December 31, 2015	December 31, 2014
Accrued revenues from donations (Note 12)	26,410	-
Deferred revenues based on received donations	23,290	14,657
	<b>49,700</b>	<b>14,657</b>

The following table represents the breakdown of accrued revenues from donations as of December 31, 2015.

	December 31, 2015	December 31, 2014
Netherlands Embassy	1,204	-
FOD - Fondacija za otvoreno društvo	4,189	-
British Embassy Belgrade	4,591	-
National Endowment for Democracy 1	1,112	-
USAID	15,314	-
	<b>26,410</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2015**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**14. ACCRUALS AND DIFFERED INCOME ACCRUALS (Continued)**

The following table represents the breakdown of deferred revenues based on received donations as of December 31, 2015 and 2014.

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Delegation of the European Union to the Republic of Serbia (EU)	332	8,165
National Endowment for Democracy (NED)	151	301
Rockefeller Brothers Fund (RBF)	2,565	2,928
United Nations Development Program (UNDP)	82	391
British Embassy Belgrade	934	1,781
Balkan Trust for Democracy (BTD)	11,262	5
OEBS	254	7
Civil Rights Defenders (CRD)	94	56
USAID	4,154	-
SOVVA	1,108	-
Netherlands Embassy	1,165	-
Peace Nexus	560	-
Other	629	1,023
	<b>23,290</b>	<b>14,657</b>

**15. EXCHANGE RATES**

The official exchange rates for major currencies determined in the Interbank Foreign Exchange Market and used in the translation of balance sheet components denominated in foreign currencies into dinars were as follows:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
EUR	121.6261	120.9583
GBP	164.9391	154.8365
USD	111.2468	99.4641
CHF	112.5230	100.5472