

# INDEPENDENT AUDITOR'S REPORT

## ON FINANCIAL STATEMENTS FOR THE YEAR 2017

***"CATALYST FOUNDATION", BELGRADE***

Belgrade, 05 July 2018

## INDEPENDENT AUDITOR'S REPORT

### **TO THE GOVERNING AND MANAGING BODIES OF "CATALYST FOUNDATION", BELGRADE**

#### ***Report on financial statements***

We have audited the accompanying financial statements of the "Catalyst foundation", Belgrade (hereinafter referred to as "the Foundation") which include a balance sheet as of 31 December 2017, and a suitable income statement for the year then ended.

#### ***Foundation's management responsibility for financial statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting regulations of the Republic of Serbia, based on the Law on Accounting ("Official gazette of the Republic of Serbia", no. 62/2013) and for internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's responsibility***

Our responsibility is to express an opinion on the attached financial statements on the basis of an audit. We performed the audit in accordance with International Standards on Auditing valid in the Republic of Serbia. These standards require compliance with ethical principles and to review and make a plan in a way that allows us to be sure, in reasonable measure, that financial statements do not contain the wrong information of material importance.

Audit includes the implementation of procedures to obtain audit evidence about the amounts and information disclosed in the financial statements. Selected procedures are based on the judging of auditors, including risk assessment of the existence of materially significant errors in the financial statements, made as a result of irregularities or errors. During the evaluation of these risks, the auditor considers internal controls relevant to the composition and objective presentation of financial statements in order to design the best possible accounting procedures, but not for the purpose of expressing opinions on the efficiency of internal controls system of legal entities. Audit also includes assessing the accounting policies applied and evaluation of significant estimates carried out by management, and evaluation of general 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.

## INDEPENDENT AUDITOR'S REPORT (continued)

**TO THE GOVERNING AND MANAGING BODIES OF  
"CATALYST FOUNDATION", BELGRADE**

### *Positive opinion*

In our opinion, financial statements give a true and fair view, in all materially significant matters, of the financial position of the Foundation as at 31 December 2017, and of the results of its operations for the year then ended, in accordance with the accounting regulation in the Republic of Serbia, based on the Law on Accounting.

Belgrade, 05 July 2018

  
EuroAudit  
d.o.o.  
BEograd  
Licensed certified auditor  
Nikolina Radusin



# BALANCE SHEET

as of 31 December 2017

POSITION	Note	in thousands of dinars	
		Current year	Previous year Closing balance    Opening balance
<b>ASSETS</b>			
<b>A. NON-CURRENT ASSETS (I - V)</b>		<b>1.278</b>	<b>1.025</b>
I. INTANGIBLE ASSETS			
II. PROPERTY, PLANT AND EQUIPMENT		1.278	1.025
III. BIOLOGICAL ASSETS			
IV. LONG-TERM FINANCIAL INVESTMENTS			
V. LONG-TERM RECEIVABLES			
<b>B. CURRENT ASSETS</b>		<b>1.411</b>	<b>7.650</b>
I. INVENTORY			
II. RECEIVABLES FROM SALE			
III. OTHER RECEIVABLES			
IV. SHORT-TERM FINANCIAL INVESTMENTS			
V. CASH AND CASH EQUIVALENTS		1.411	7.650
VI. VALUE ADDED TAX			
VII. PREPAID EXPANSES			
<b>C. TOTAL ASSETS = OPERATING ASSETS</b>		<b>2.689</b>	<b>8.675</b>
<b>D. OFF-BALANCE SHEET ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>A. SHARE (I+II-III)≥0</b>			<b>1.442</b>
I. OWNERSHIP SHARE (OWN RESOURCES) AND OTHER PEOPLES' SHARE			
II. RETAINED SURPLUS OF REVENUE OVER EXPENSES		1.442	1.568
III. SURPLUS OF EXPENSES OVER REVENUE		3.323	126
<b>B. LONG-TERM PROVISIONS AND LIABILITIES</b>		<b>4.571</b>	<b>7.233</b>
I. LONG-TERM PROVISIONS			
II. LONG-TERM LIABILITIES			
III. SHORT-TERM FINANCIAL LIABILITIES		2.980	
IV. ACCOUNTS PAYABLE		890	
V. OTHER SHORT-TERM LIABILITIES			
VI. LIABILITIES DUE TO VAT		379	
VII. LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND OTHER DUTIES			
VIII. ACCRUALS		322	7.233
<b>C. SURPLUS OF EXPENSES OVER REVENUE ABOVE THE LEVEL OF SHARE (OWN RESOURCES)</b>		<b>1.882</b>	
<b>D. TOTAL LIABILITIES</b>		<b>2.689</b>	<b>8.675</b>
<b>E. OFF-BALANCE LIABILITIES</b>			



# INCOME STATEMENT

in the period 01 January – 31 December 2017

POSITION	Note	in thousands of dinars	
		Current year	Previous year
<b>REVENUE AND EXPENSES FROM REGULAR OPERATIONS</b>			
<b>A. OPERATING REVENUE (I to V)</b>		<b>24.733</b>	<b>19.364</b>
I. REVENUE FROM THE SALE OF GOODS, PRODUCTS AND SERVICES		1.485	
II. REVENUE FROM MEMBERSHIPS AND MEMBERSHIP CONTRIBUTIONS			
III. REVENUE FROM SPECIAL REGULATIONS FROM THE BUDGET AND OTHER SOURCES			
IV. REVENUE FROM DONATIONS, GRANTS, SUBSIDIES ETC.		23.248	19.364
V. REVENUE FROM NONFINANCIAL ASSETS			
<b>B. OPERATING EXPENSES (I-II-III+IV+B+VI+ VII+VIII+IX+X+XI)</b>		<b>27.043</b>	<b>18.196</b>
I. ACQUISITION COST OF THE GOODS SOLD			
II. REVENUE FROM USE OF GOODS, PRODUCTS AND SERVICES FOR OWN PURPOSES			2.438
III. INCREASED VALUE OF INVENTORY OF WORK-IN-PROCESS AND FINISHED PRODUCTS AND UNFINISHED SERVICES			
IV. DECREASED VALUE OF INVENTORY OF WORK-IN-PROCESS, FINISHED PRODUCTS AND UNFINISHED SERVICES			
V. COST OF MATERIAL AND ENERGY		259	319
VI. PAYROLL COSTS AND OTHER PERSONAL EXPENSES		13.164	9.287
VII. COST OF PRODUCTION SERVICES		2.864	1.634
VIII. DEPRECIATION COSTS		170	44
IX. COST OF PROVISIONS			
X. COST OF DONATIONS		502	381
XI. INTANGIBLE COSTS		10.084	8.969
<b>C. OPERATING GAIN (A-B)</b>			<b>1.168</b>
<b>D. OPERATING LOSS (B-A)</b>		<b>2.310</b>	
I. REVENUE FROM FINANCIAL ASSETS (FINANCIAL REVENUE)		13	498
II. FINANCIAL EXPENSES		1.026	96
<b>III. GAIN FROM FINANCING (I-II)</b>			<b>402</b>
<b>IV. LOSS FROM FINANCING (II-I)</b>		<b>1.013</b>	
V. REVENUE FROM RECONCILIATION OF THE VALUE OF SHORT-TERM AND LONG-TERM INVESTMENTS AND RECEIVABLES			
VI. EXPENSES FROM RECONCILIATION OF THE VALUE OF SHORT-TERM AND LONG-TERM INVESTMENTS AND RECEIVABLES			
VII. SURPLUS OF REVENUE OVER EXPENSES FROM RECONCILIATION OF VALUE OF SHORT-TERM AND LONG-TERM FINANCIAL INVESTMENTS AND RECEIVABLES (V-VI)			

VIII. SURPLUS OF EXPENSES OVER REVENUE FROM  
RECONCILIATION OF VALUE OF SHORT-TERM AND  
LONG-TERM FINANCIAL INVESTMENTS AND  
RECEIVABLES (VI-VII)

IX. OTHER REVENUE

X. OTHER EXPENSES

2

XI. SURPLUS OF REVENUE OVER EXPENSES FROM  
REGULAR OPERATIONS BEFORE TAXES

(C-D+ III-IV+VII- VIII + IX- X)

1.568

XII. SURPLUS OF EXPENSES OVER REVENUE FROM  
REGULAR OPERATIONS BEFORE TAXES

(D-C+IV-III+ VIII -VII+X-IX)

3.323

XIII. SURPLUS OF REVENUE OVER EXPENSES,  
EFFECTS OF CHANGES OF ACCOUNTING POLICIES  
AND CORRECTION OF ERRORS FROM PREVIOUS  
YEARS

XIV. SURPLUS OF EXPENSES OVER REVENUE,  
EFFECTS OF CHANGES OF ACCOUNTING POLICIES  
AND CORRECTION OF ERRORS FROM PREVIOUS  
YEARS

E. SURPLUS OF REVENUE OVER EXPENSES BEFORE  
TAXES (XI-XII+XIII-XIV)

1.568

F. SURPLUS OF EXPENSES OVER REVENUE BEFORE  
TAXES (XII-XI+XIV-XIII)

3.323

G. TAX FOR THE DIFFERENCE BETWEEN REVENUE  
AND EXPENSES

H. TAX OF THE PERIOD

I. NET SURPLUS OF REVENUE OVER EXPENSES

(E-F-H)

1.568

J. NET SURPLUS OF EXPENSES OVER REVENUE

(F-E+H)

3.323



## **NOTES TO FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

Catalysit Foundation was established on August 14, 2013, in order to achieve goals in the field of philanthropy.

The objectives of the Foundation are to support the development and strengthening of philanthropy from domestic sources in the country and in the region (the territory of the Western Balkans), launching a series of targeted, long-term regional initiatives to develop philanthropy and finding solutions to the growing needs of this developing sector.

Full name of the Foundation: Catalysit Foundation

Type of legal entity: Foundation

City: Belgrade

Address: Takovska 38

Main activity code: 9499

Name of main activity: Other organizations

Foundation ID no: 28826818

VAT: 108190899

Number in Registers Agency: BZF 371/2013

Size of the Foundation: micro-sized

### **2. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS**

#### **Basis for the preparation of financial statements**

Financial statements of the Foundation are prepared in accordance with the Law on Accounting (Official gazette RS, no. 62/2013) and other accounting regulations applicable in the Republic of Serbia.

In accordance with the Law, for recognition, valuation, presentation and disclosure of positions in financial statements, Foundation apply International Financial Reporting Standards for Small-sized and Medium-sized Legal Entities (hereinafter referred to as: IFRS for SMEs).

#### **Presentation of financial statements**

Financial statements are presented in the format required by the Rulebook on content and layout of financial statements form for other legal entities (Official gazette RS, no. 95/2014).

Financial statements are shown in thousands of dinars (RSD), except if stated differently. Dinar is the official reporting currency in the Republic of Serbia.

Comparable data is shown in thousands of dinars (RSD), valid on 31 December 2016.

#### **Accounting method**

Financial statements were prepared based on the method of previous acquisition cost (historical cost), unless IFRS for SMEs require a different valuation basis in a way described in the accounting policies.



### **3. SIGNIFICANT ACCOUNTING POLICIES**

According to Article 2 of the Law on Accounting, the Foundation did not determine whether recognition, evaluation, presentation and disclosure of the positions in the financial statements will be performed in accordance with the International Financial Reporting Standards for Small and Medium Enterprises or in accordance with the Rules of recognition, valuation, presentation and disclosure of positions in the individual financial statements of micro and other legal entities. Based on the information obtained in the audit process for the preparation and presentation of the Financial Statements for the year 2017 and 2016, the Foundation has used International Financial Reporting Standard for Small and Medium Enterprises.

#### **3.1. Rules of evaluation – basic assumptions**

Financial statements are prepared based on the matching principle and the going concern principle.

According to the matching principle, transactions are recognized at the moment of its accrual and it is included in financial statements for the period it refers to, no matter when cash or its equivalent was received or paid in relation to that transaction.

Financial statements are prepared under the assumption that the Foundation will continue to do business in an unlimited period of time and that it will continue its operations in the foreseeable future.

#### **3.2. Recognition of elements of the financial statements**

An asset is recognized in the balance sheet when it is probable that the future economic benefits will inflow to the Foundation and when the asset has an acquisition value or cost price or value which can be reliably measured.

Liability is recognized in the balance sheet when it is probable that the outflow of resources containing economic benefit will arise by settling current liabilities and when the amount of the liability being settled can be reliably measured.

Income is recognized in the income statement when the increase of economic benefit is connected to the increase of assets or decrease of liabilities that can be reliably measured, that is, recognition of income occurs simultaneously with the recognition of the increase of assets or decrease of liabilities.

Expenses are recognized in the income statement when the decrease of economic benefit is connected to the decrease of assets or increase of liabilities that can be reliably measured that is, the recognition of expenses occurs simultaneously with the recognition of the increase of liabilities and decrease of assets.

#### **3.3. Translation of foreign instruments of payment and accounting treatment of exchange rate differences**

Transactions occurred in foreign currency are translated into dinars at a medium exchange rate determined on an interbank foreign exchange market in Serbia, valid at the day of the transaction.

Assets and liabilities shown in foreign currency on the balance sheet date are translated into dinars at the medium exchange rate determined on an interbank foreign exchange market for that day.

Net positive and negative foreign exchange differences, occurred during business transactions in foreign currency and conversion of balance sheet positions in the foreign currency, are charged to the income statement.

Nonmonetary items, valued on the principle of historic cost in the foreign currency, are converted according to the historical exchange rate valid on the day of the initial transaction.

Medium exchange rates for the foreign currencies, determined on the interbank foreign exchange market, prepared for conversion of foreign currency balance sheet positions into dinars, for certain main currencies were:

	31/12/2017	31/12/2016
1 EUR	118,4727	123,4723
1 USD	99,1155	117,1353
1 CHF	101,2847	114,8473

#### **3.4. Ratio of increase of consumer prices in the Republic of Serbia (annual inflation):**

Month	2017	2016
January	2,4	2,4
February	3,2	1,5
March	3,6	0,6
April	4,0	0,4
May	3,5	0,7
June	3,6	0,3
July	3,2	1,2
August	2,5	1,2
September	3,2	0,6
October	2,8	1,5
November	3,0	1,5
December	3,0	1,6

#### **3.5. Borrowing costs**

Borrowing costs refer to interests and other costs incurred in relation to the borrowing of assets and they are recognized as expense of the period in which they were incurred in accordance with the Section 25 Borrowing costs.

#### **3.6. Impairment of assets**

At the balance sheet day, the Foundation revises the accounting value of its tangible and intangible assets in order to determine whether there are indications that a loss has occurred based on the impairment of assets. If there are such indications, a recoverable amount of assets is determined so that a possible loss could be determined. If it isn't possible to determine the recoverable amount of an individual asset, the Foundation determines recoverable amount of the cash generating unit to which that assets belongs.

Recoverable value is net selling price or use value, depending on which one is higher.

If determined recoverable amount of an asset (or a cash generating unit) is lower than the accounting value, then the accounting value of that asset is decreased to the level of the recoverable amount. Loss due to the impairment is recognized as the expenses of the period.

#### **3.7. Intangible assets**

Intangible assets are recognized only if it is probable that economic benefit will arise from that investment and when the acquisition cost of the investment can be reliably measured, which includes: concessions, patents, franchises, licenses, investments in other intangible assets.



Intangible assets are initially measured at acquisition cost or cost price, and after initial recognition they are valued at its acquisition cost, that is, cost price decreased for accumulated depreciation and potential loss due to impairment, in a way prescribed in the Section 18 Intangible assets.

Amortization of intangible assets is performed in accordance with straight-line amortization method, by applying the rates determined based on assessed useful life, to the basis consisting of acquisition cost decreased for residual value.

### **3.8. Property, plant and equipment**

Property, plant and equipment are recognized if probable future economic benefit in relation to the asset will flow to the Foundation and if acquisition cost (cost price) of the asset can be reliably measured.

Initial measurement of property, plant and equipment is performed at acquisition cost, that is, cost price, and after the initial recognition it is measured at acquisition cost, that is, cost price decreased for accumulated depreciation and for potential accumulated loss due to impairment, in a manner prescribed in the Section 17 Property, plant and equipment.

Depreciation of property, plant and equipment is performed in accordance with the straight-line depreciation method, by applying rates determined on a basis of assessed useful life, to acquisition cost/cost price decreased for residual value.

Calculation of depreciation begins from the first day of the following month from the month when the fixed asset was put to use, that is, since it is available for use.

Reevaluation of adopted method of depreciation, as well as useful life is performed at the end of the calculation period (business year), should there be any indications that significant changes in relation to the previous period have occurred.

Calculation of depreciation stops when the asset stops being recognized, that is, when it is fully written off, retired or in any other way impaired. If the residual value is insignificant or if the useful and physical life of the asset are close, so that after the end of useful life the asset is potentially sold only as waste, no residual value is determined.

### **3.9. Financial instruments**

Financial instruments include financial assets and liabilities recorded in the balance sheet of the Foundation, beginning with the moment when the Foundation becomes contractually tied to financial instruments, and ending with the loss of control over rights arising from financial asset that is with settling or cancelling financial liability.

#### ***Classification of financial instruments***

Financial assets include long-term financial investments, receivables and short-term financial investments, cash and cash equivalents. The Foundation classifies financial assets into one of the following categories: assets at fair value through the income statement, investments held until maturity, credits (loans) and receivables and assets held for sale. Classification depends on the purpose for which the assets were acquired. Management of the Foundation determines the classification of financial assets during initial recognition.

Financial liabilities include long-term financial liabilities, short-term financial liabilities, accounts payable and other short-term liabilities.

#### ***Effective interest method***

Effective interest method is a method of calculating the depreciated value of financial asset or financial liability and allocation of interest revenue and interest expenses during certain period. Effective interest rate is an interest rate that discounts future cash payments or income during expected



expiration period of financial instrument or where it is appropriate, during a short period on net book value of financial asset or financial liability.

#### ***Cash and cash equivalents***

Cash and cash equivalents include petty cash, assets on current and foreign currency accounts, as well as short-term deposits up to three months that can be easily converted into cash and that bear low risk from the change of value.

#### ***Credits (loans) and receivables***

Receivables from buyers, credits (loans) and other receivables and investments with fixed or definable payments which are not quoted on the active market, are classified as receivable or loans (short-term loans) and receivables.

Loans and receivables are valued at depreciated value, by applying the effective interest rate method, after the impairment due to write off. Interest revenue is recognized by applying the effective interest rate method, except in case of short-term receivables where recognition of interest revenues is not materially significant.

#### ***Impairment of financial assets***

At every balance sheet date the Foundation assesses whether there is objective proof that the value of financial asset or group of financial assets was impaired (except assets presented at fair value through income statements). Impairment of financial assets is performed when there is objective proof that, as a result of one or several events that have occurred after initial recognition of financial assets, assessed future cash flow of assets was changed.

Impairment (correction of value) of receivables is performed indirectly for the amount of matured receivables which were not paid in the longer period after the maturity date, and directly if their uncollectibility is certain and properly documented. Changes in the account of correction of value are recorded in the income statement. Collection of written off receivables is included in the income statements as other revenue.

#### ***Other financial liabilities***

Other financial liabilities, including liabilities for loans, are initially recognized at fair value of received assets, decreased for transaction expenses.

After the initial recognition, other financial liabilities are valued at depreciated value by using the effective interest method. Interest rate expenses are recognized in the income statement of the period.

### **3.10. Revenue and expenses**

Revenue from sales of goods, products and services rendered are recognized in the income statement under the condition that all risks and benefits are transferred to the buyer. Sales revenues are recorded in the moment the goods or product has been delivered or a service rendered. Revenues are shown at the invoice value, decreased for approved discounts and VAT.

Expenses are calculated based on the matching principle of revenues and expenses.

## **4. SIGNIFICANT ACCOUNTING ASSESSMENTS**

Preparation of financial statements demands that the management of the Foundation conducts assessments and determines assumptions that can have effect on the presented values of assets and liabilities and to disclose potential receivables and liabilities at the date of the preparation of the financial statements, as well as revenues and expenses during the reporting period. These assessments and assumptions are based on previous experience, current and expected conditions of operations and other available information at the date of the preparation on the financial statements. Real results can be differentiated from the assessed amounts.

The most important areas demanding assessment and assumption by the management are presented below:

#### **4.1. Useful life of property, plant and equipment**

The Foundation assesses the remain useful life of property, plant and equipment at the end of each business year. Assessment of the useful life of property, plant and equipment is based on the prior experience with similar assets, as well as anticipated technological progress and changes of the economic and industrial factors.

These assessments can have significant effects on the accounting value of property, plant and equipment as well as on the amount of depreciation of the current accounting period.

#### **4.2. Impairment of assets**

At the balance sheet date, the Foundation conducts a review of the accounting value of tangible and intangible assets and assesses whether there are indications of impairment of an asset. During the assessment of impairment, assets which do not generate cash flow independently are assigned to the appropriate cash generating unit. Subsequent changes in assigning to the cash generating unit or in time of cash flow can affect the accounting value of the respective asset.

#### **4.3. Value adjustment of receivables**

Value adjustment of doubtful receivables is based on assessed loss due to inability of buyers to fulfil their liabilities within period which passes the tolerance period of the collectability of receivables. Management assessment is based on the age analysis of the buyers' receivables, historic write-offs, creditworthiness of the buyer and changes of the present sale conditions. This includes assumptions on future buyer's conduct and expected future payment. Changes in the conditions of business, operations, or other circumstances at certain buyers can affect value adjustment of doubtful receivables disclosed in the submitted financial statements.

#### **4.4. Litigation**

During the weighing and recognition of provisions and determining levels of exposure to potential liabilities regarding current litigation, the management of the Foundation makes the certain assessments. These assessments are necessary to determine the probability of negative outcome and determining the amount necessary for the final court settlement. Due to inherent uncertainty in the process of assessing, real loss can be differentiated from the loss determined by initial assessment. That is why the assessments are corrected when the Foundation has new information, mostly with the support of internal expert services or outside collaborator. Changes of assessment can considerably affect future business results.



## 5. PROPERTY, PLANT AND EQUIPMENT

	in thousands of dinars	
	Plant and equipment	Total
Gross acquisition cost, beginning of the year	1.069	1.069
Increase:	423	423
Acquisition, activation and transfer	423	423
Gross acquisition cost, end of the year	1.492	1.492
Accumulated depreciation, beginning of the year	44	44
Increase:	170	170
Depreciation	170	170
Balance, end of the year	214	214
Net book value:		
31/12/2017	1.278	1.278
Net book value:		
31/12/2016	1.025	1.025

Equipment purchased during the year amounts to 423 thousands of dinars.

## 6. CASH AND CASH EQUIVALENTS

	in thousands of dinars	
	31 December 2017	31 December 2016
1. Current account in RSD	1.149	908
2. Current account in foreign currency	183	6.643
3. Allocated monetary assets	79	79
4. Petty cash		29
<b>TOTAL (1 + 2)</b>	<b>1.411</b>	<b>7.650</b>

Funds on dinar and foreign currency accounts of the Foundation correspond to bank statements on the balance sheet date.

## 7. SHARE

	in thousands of dinars	
	31. decembra 2017.	31. decembra 2016.
1. Undistributed surplus income over expenditures of previous years	1.442	
2. Undistributed surplus income over expenditures of the current year		1.568
<b>I Total surplus income over expenditures (1+2)</b>	<b>1.442</b>	<b>1.568</b>
3. Surplus of expenses over revenue from previous years		126
4. Current year surplus of expenses over revenue	3.323	
<b>II Total surplus of expenditures over revenues (3+4)</b>	<b>3.323</b>	<b>126</b>
<b>OWNERSHIP SHARE (OWN RESOURCES)/ SURPLUS OF EXPENSES OVER REVENUE ABOVE THE LEVEL OF SHARE (I-II)</b>		<b>1.442</b>

## 8. SHORT-TERM FINANCIAL LIABILITIES

	in thousands of dinars	
	31. decembra 2017.	31. decembra 2016.
1. Short-term financial liabilities	2.980	
<b>SHORT-TERM LIABILITIES (1)</b>	<b>2.980</b>	



Short-term financial liabilities relate to liabilities for loans granted for the financing of current asset, and include the following obligations:

in thousands of dinars						
Creditor	Repayment period	Start of repayment	Security	Interest rate	Currency	Amount
„Erste bank“, a.d. Novi Sad	18.03.2019.	18.04.2018.	bills, natural person guarantee	6-month belibor+5,65% per year	RSD	2.980

The liabilities are calculated at the middle exchange rate of the NBS on the balance sheet date and reconciled with the creditor.

## 9. ACCOUNTS PAYABLE

		in thousands of dinars	
		31 December 2017	31 December 2016
1. Domestic suppliers		185	
2. Foreign suppliers		705	
<b>ACCOUNTS PAYABLE (1 to 3)</b>		<b>890</b>	

## 10. LIABILITIES DUE TO VAT

		in thousands of dinars	
		31 December 2017	31 December 2016
1. Liabilities for value added tax (difference in calculated and previous value added tax)		379	
<b>LIABILITIES DUE TO VAT (1)</b>		<b>379</b>	

## 11. ACCRUALS

		in thousands of dinars	
		31 December 2017	31 December 2016
1. Deferred income and received donations		322	7.233
<b>ACCRUALS (1)</b>		<b>322</b>	<b>7.233</b>

## 12. SURPLUS OF EXPENSES OVER REVENUE ABOVE THE LEVEL OF SHARE

		in thousands of dinars	
		31. decembra 2017.	31. decembra 2016.
1. Total surplus of expenditures over revenues		3.323	
2. Total surplus income over expenditures		1.442	
<b>SURPLUS OF EXPENSES OVER REVENUE ABOVE THE LEVEL OF SHARE (1-2)</b>		<b>1.881</b>	

## 13. REVENUE FROM SALE

		in thousands of dinars	
		01/01-31/12/ 2017	01/01-31/12 2016
1. Revenue from the sale of services on domestic market		857	
2. Revenue from the sale of services on foreign market		628	
<b>REVENUE FROM SALE (1 + 2)</b>		<b>1.485</b>	

#### 14. REVENUE FROM DONATIONS AND GRANTS

	in thousands of dinars	
	01/01-31/12 2017	01/01-31/12 2016
1. Income from donations from international organizations	23.248	19.364
<b>REVENUE FROM DONATION AND GRANTS (1)</b>	<b>23.248</b>	<b>19.364</b>

#### 15. COST OF MATERIAL AND ENERGY

	in thousands of dinars	
	01/01-31/12 2017	01/01-31/12 2016
1. Material costs and inventory	220	283
2. Cost of fuel and energy	39	36
<b>COST OF MATERIAL AND ENERGY (1 to 2)</b>	<b>259</b>	<b>319</b>

#### 16. PAYROLL COSTS AND OTHER PERSONAL EXPENSES

	in thousands of dinars	
	01/01-31/12 2017	01/01-31/12 2016
1. Payroll costs (gross)	10.229	7.112
2. Cost of taxes and contributions on salaries and compensations charged to employer	1.605	1.186
3. Cost of compensation from service contracts	36	10
4. Cost of compensation from contracts on temporary and occasional jobs	637	314
5. Cost of compensation to individuals from other contracts	54	
6. Other personal expenses and compensations	603	665
<b>PAYROLL COSTS AND OTHER PERSONAL EXPENSES (1 to 6)</b>	<b>13.164</b>	<b>9.287</b>

#### 17. COST OF PRODUCTION SERVICES

	in thousands of dinars	
	01/01-31/12 2017	01/01-31/12 2016
1. Transportation costs	448	343
2. Maintenance costs	294	213
3. Rental costs	1.395	989
4. Fair costs	39	
5. Advertising costs	153	41
6. Cost of other services	535	48
<b>COST OF PRODUCTION SERVICES (1 to 6)</b>	<b>2.864</b>	<b>1.634</b>

#### 18. COST OF DONATIONS

	in thousands of dinars	
	01/01-31/12 2017	01/01-31/12 2016
1. Cost of donations	502	381
<b>COST OF DONATIONS (1)</b>	<b>502</b>	<b>381</b>

#### 19. INTANGIBLE COSTS

	in thousands of dinars	
	01/01-31/12 2017	01/01-31/12 2016
1. Cost of non-production services	9.301	8.386
2. Guest entertainment costs	222	307
3. Insurance premium costs	12	14



4. Money transfer costs	124	75
5. Membership costs		23
6. Tax costs	379	33
7. Other intangible costs	46	131
<b>INTANGIBLE COSTS (1 to 7)</b>	<b>10.084</b>	<b>8.969</b>

## 20. FINANCIAL REVENUE

	in thousands of dinars	
	01/01-31/12 2017	01/01-31/12 2016
1. Positive currency differences	13	498
<b>FINANCIAL REVENUE (1)</b>	<b>13</b>	<b>498</b>

## 21. FINANCIAL EXPENSES

	in thousands of dinars	
	01/01-31/12 2017	01/01-31/12 2016
1. Negative currency differences	1.026	96
<b>FINANCIAL EXPENSES (1)</b>	<b>1.026</b>	<b>96</b>

## 22. OTHER EXPENSES

	in thousands of dinars	
	01/01-31/12 2017	01/01-31/12 2016
1. Miscellaneous expenses		2
<b>OTHER EXPENSES (1)</b>		<b>2</b>

## 23. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

After the balance sheet date, there were no events that would require adjustments of financial statements or disclosures in the notes to financial statements.

## 24. CONTINGENCIES

### Litigation

The Foundation has no litigation that could cause losses in the coming period.

### Issued guarantees and warranties

On December 31, 2017 the Foundation has no contingent liabilities for security and guarantees to other legal entities.

## 25. MANAGING FINANCIAL RISKS

Operations of the Foundation is not exposed to financial risks related to market risk, financial risk (foreign exchange rate and interest rate), credit risk and liquidity risk.

Business Foundation is not exposed to:

- market risk because changes in the economic environment do not significantly affect its business,
- foreign exchange rate risk because the book value of monetary assets and liabilities is mostly expressed in dinars,
- interest rate risk because it does not record interest-bearing financial assets and liabilities in which the interest rate is variable,
- credit risk because the receivables from operations are charge in full and on time,



- liquidity risk because it fulfills its matured liabilities and manages liquidity risk by maintaining cash reserves, monitoring planned and actual cash flows and maintaining an adequate ratio of inflows of financial assets and liabilities.

## **26. TAX RISKS**

Tax regulations of the Republic of Serbia are often interpreted in many ways and are subject to many changes. The interpretation of the tax regulations by the tax authorities when it comes to transactions and activities of the Foundation can be different from the management's interpretations. Because of that, transactions can be contested by the tax authorities and the Foundation can be obliged to pay additional amount for taxes, fines and interests. Expiration of tax liability is five years, that is, the tax authorities have the right to set the payment of overdue liabilities during the five year period since the accrual.

## **27. RECONCILIATION OF LIABILITIES AND RECEIVABLES**

The Foundation reconciliated its receivables and liabilities from legal entities with the balance on 31 December 2017. During the reconciliation process with the business partners, no materially significant imbalance of receivables and liabilities was determined.