



## YOUNG RESEARCHERS OF SERBIA, BELGRADE

### INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

BELGRADE, JULY 2022

AUDIT COMPANY "CODEX AUDIT" D.O.O. BELGRADE  
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ENTERED INTO THE REGISTER OF ECONOMIC ENTITIES - BUSINESS REGISTERS AGENCY IN BELGRADE NUMBER BD 1036/2014  
COMPANY REGISTRATION NUMBER 20984376 | TAX NUMBER 108364062  
BANK ACCOUNT: 170-0030019559001-04 UNICREDIT BANK A.D. BELGRADE  
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## INDEPENDENT AUDITOR'S REPORT

To the Management of "Young Researchers of Serbia", Belgrade

### Opinion

We have audited the financial statements of the "Young Researchers of Serbia", Belgrade, Bulevar umetnosti 27 Street (hereinafter referred as "the Association"), which comprise the balance sheet as at 31 December 2021, and the income statement for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at 31 December 2021, and its financial performance for the year then ended in accordance with the Law of Accounting of the Republic of Serbia.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Republic of Serbia, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance,

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but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

We communicate with those charged with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Auditors' signature:**

**Name of Auditor signing:**

Olivera Loci, Certified Auditor

**Auditors' address:**

"Codex Audit" d.o.o., Belgrade 11070,  
Bulevar Zorana Đinđića 28/VII/25

**Date of the auditor's report:**

8 August 2022

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## INCOME STATEMENT FOR THE PERIOD 1 JANUARY – 31 DECEMBER

Item	Note	2021	2020
OPERATING INCOME		106.511	76.811
Income from membership fees		215	195
Revenue from donations	3.1.,5	106.296	76.616
OPERATING EXPENSES		106.221	76.730
Cost of material and energy	6	2.374	3.608
Cost of Salaries and Wages	3.5, 7	30.275	29.845
Costs of production services	8	5.703	13.589
Depresiation	10	140	122
Nonmaterial costs	9	67.728	29.566
PROFIT/ (LOSS) FROM OPERATION		290	81
FINANCIAL INCOME	3.2, 3.3	8	1
FINANCIAL EXPENSES	3.2, 3.3	(231)	(85)
PROFIT/ (LOSS) FROM FINANCIAL ACTIVITIES		(223)	(84)
OTHER NON OPERATING INCOME		-	3
OTHER NON OPERATING EXPENSES		(67)	-
PROFIT/ (LOSS) FROM NON OPERATING EXPENSES		(67)	3
SURPLUS INCOME OVER EXPENSES BEFORE TAX		-	-
TAX	3.4	-	-
SURPLUS INCOME OVER EXPENSES		-	-

## BALANCE SHEET AS OF 31 DECEMBER

Item	Note	31.12.2021.	31.12.2020.
<b>ASSETS</b>			
FIXED ASSETS	3.6; 10	416	596
<b>CURRENT ASSETS</b>			
Prepaid Expenses		26	16
Other receivables		235	285
Cash and cash equivalents	3.7., 11	33.929	18.779
Value added tax		271	271
<b>TOTAL ASSETS</b>		<b>34.877</b>	<b>19.947</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Surplus of revenue over expenditures		584	584
<b>LIABILITIES</b>			
Trade Liabilities		-	-
Deferred Income	3.8., 12	34.293	19.363
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>34.877</b>	<b>19.947</b>

## 1. FOUNDATION AND ACTIVITIES

"Young researchers of Serbia", Belgrade (hereinafter: the Association) is a voluntary, educational, non-profit, non-governmental and non-partisan association in which citizens unite in order to achieve common interests, goals and tasks determined by the Statute, in the field of environmental protection, sustainable development and volunteering.

The main goals of the Association are: nature protection and preservation of the environment in accordance with the principles of sustainable development; development and promotion of volunteering; popularization of scientific research work and creativity among young people.

The Association was entered into the Register of Associations of the Republic of Serbia's Business Registers Agency, as per the Decision no BU 10029/2018, from 26 November 2018.

The Association's registered activity is 9499- Activity of other organizations on the basis of membership. The Registry Number is 07052545 and the Tax Identification Number is 101685934.

The Association's head office is in Belgrade, Bulevar umetnosti 27 Street.

The legal representatives in 2020 were Tanja Petrović and Nikola Božić, and from 28 July 2021, they are Tanja Petrović and Dragana Randelović.

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

### 2.1. Basis for the preparation and presentation of financial statements

Legal entities (including other legal entities, associations and foundations and legacies) and sole proprietors in the Republic of Serbia are obligated to maintain business records, perform recognition and measurement of assets and liabilities, revenues and expenditure, and perform preparation, presentation, delivery and disclosure of financial statements in conformity with the Law on Accounting (hereinafter referred to as 'the Law', published in the 'Official Gazette of RS', number 30/18, 73/2019).

The Association, as a micro legal entity are obligated to apply the Rulebook on recognition, valuation, presentation and disclosure of items in individual financial statements of micro and other legal entities ('Official Gazette of RS', no 118/13 and 95/14); however, they may decide to apply the International Standards of Financial Reporting for Small and Medium-Sized Entities.

The Association's Financial Statements are presented in the form prescribed by the Rulebook on form and content of financial statements for other legal entities ('Official Gazette of RS', no 137/2014). This Rulebook legally defines the forms of financial statements and content of items in forms, as well as the minimum content for the notes to financial statements.

In preparation of those financial statements, the Association applied accounting policies substantiated in the Note 3.

The Association's Financial Statements are expressed in RSD thousands. The Dinar represents the official reporting currency in the Republic of Serbia.

The Financial Statements of Association were performed according the accounting regulation in the Republic of Serbia and Rulebook on recognition, valuation, presentation and disclosure of items in individual financial statements of micro and other legal entities ('Official Gazette of RS', no 118/13 and 95/14).

### 3. THE SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1. Revenue from donation

The value of assets obtained through donations is initially recorded as deferred revenue under liabilities, that is, under accruals and deferred revenue in the balance sheet, which is decreased and credited to the income statement, that is, recorded under revenue in the period when the costs related to the use of assets received from donations are recorded in the income statement.

Monetary donations whose purpose is not strictly defined, and which cover one financial period and whose purpose is to cover the Association's costs incurred in that period, are recorded within the revenue in the financial period in which they are received.

#### 3.2. Interest Income

Interest income is recorded in the Income Statement of the accounting period to which they relate.

#### 3.3. Translation of foreign exchange amounts

Transactions effected in foreign currency are translated into RSD at the median exchange rate established at the inter-bank foreign exchange market ruling at the date of transaction.

Assets and liabilities expressed in foreign currency at the balance sheet date were translated into RSD at the median exchange rate established at the inter-bank foreign exchange market ruling at that date.

Foreign exchange gains and losses incurred in transactions in foreign currency and upon translation of balance sheet items recorded in foreign currency are charged or credited to the income statements, either as gains or losses based on foreign exchange differentials.



### 3.4. Income Tax and other taxes and contributions not contingent upon Operating results

#### a) Current Income Tax

Income Tax represents the amount charged and paid pursuant to the Law on Income Tax in effect in the Republic of Serbia. Other legal entities, including foundations, pursuant to Article 1 of the Law, are subject to income tax if earning income derived from the sale of products on the market, or, providing services in exchange for compensation.

The current Income Tax represents the amount that is calculated by application of the prescribed 15% tax rate on the tax base determined in the tax balance. The tax base represents the amount of income before taxes, after deducting effects of reconciliation of revenue and expenditure, in conformity with the tax regulations of the Republic of Serbia, including deductions for the stipulated tax credits.

The Republic of Serbia's Law on Income Tax does not stipulate that the tax losses of the current period can be used as the basis for the return of the tax paid in the previous periods. However, tax losses from the current period reported in the tax balance can be used for deduction of the tax base of future financial periods, which are not to exceed five years. Tax losses incurred before 1 January 2010 can be transferred to the account of future gains within the period not exceeding ten years.

The Association expressed no liability for income taxes for 2021.

#### b) Taxes and contributions not contingent upon the operating results

Taxes and contributions not contingent upon operating results include property tax, taxes and contributions borne by the employer, as well as the other taxes and contributions paid in accordance with the Republic, tax and general regulations. These taxes and contributions are reported under 'other operating expenditures'.

### 3.5. Employee benefits

#### a) Taxes and contributions to employee social security funds

Pursuant to regulations applied in the Republic of Serbia, the Association is subject to taxes and contributions paid to tax authorities and state funds providing employee social security. These liabilities include taxes and contributions borne by employer, in the amounts calculated at the rates stipulated by legal regulations. In addition, the Association is obligated to deduct contributions from the employee gross salaries, and pay the deducted amounts on their behalf to the funds. Taxes and contributions borne by the employer and taxes and contributions borne by employees are charged to the income statement of the period they refer to.

#### b) Liabilities based on severance pay

In accordance with the regulations applied in the Republic of Serbia, the Association is obligated to provide severance pay to its employees upon retirement in the amount of two average gross salaries earned in the Republic of Serbia in the month preceding the month of payment of severance pay.

### 3.6. Equipment

Equipment is initially recorded at purchase cost. The purchase cost consists of the value in a supplier's invoice, increased for the costs directly attributed to the acquisition and the costs of bringing the asset into its working condition.

Fixed assets considered being equipment with an estimated useful life longer than one year and whose individual purchase price in time of acquisition exceeds the average gross salary in the Republic of Serbia according to the latest published data of the authority responsible for statistics.

Depreciation of equipment is calculated by use of the straight-line method against the equipment's purchase cost, by means of application of the following annual rates, with a view to a complete write-off of assets in the course of their useful life:

Computers and computer equipment	20%
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Depreciation of equipment begins upon an asset's activation.

### 3.7. Cash and cash equivalents

Cash and cash equivalents are estimated at their nominal value.

### 3.8. Deferred income

Donations received from domestic and foreign donors based on agreements on realization of projects that fall within the scope of Association's activity are recorded under 'accruals and deferred income'. At the moment when a donation is received, the entire amount of donation is posted under 'accruals and deferred income'. At the end of financial period, the funds spent on realization of a project are transferred to 'income from donations', while the funds remaining on the account represent the amount that will be used in the following financial period.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES

Presentation of financial statements requires from the Association's Management to use the best possible estimates and reasonable assumptions, which have an effect on the presented values of assets and liabilities, as well as to disclose the contingent receivables and liabilities at the date of preparation of financial statements, and to disclose the revenue and expenditure during the reporting period. These estimates and assumptions are based on information available at the date of preparation of financial statements.

## INCOME STATEMENT

### 5. REVENUE FROM DONATIONS

Revenues from donations are stated in the Income statement in the amount of RSD 76.616 thousand and consist of:

	<u>2021</u>	<u>2020</u>
Income from membership fees	215	195
Revenue from donations	121.648	87.000
Refund of public duties	401	667
Interest and other	8	4
Calculated revenues to equalize with expenditures (Note 12)	(15.753)	(11.050)
<i>Total</i>	<u>106.519</u>	<u>76.816</u>

During 2021, the donations were received by the following donors:

Donor	Received in 2021 in RSD
Swedish International Development Cooperation Agency - SIDA	69.828
Ministry of Youth and Sports, Republic of Serbia	21.999
Belgrade Open School	11.771
European Commission	9.088
Zyra Rajon Per Bask	6.814
HBS Berlin	922
OSCE	271
Other	955
<b>Total:</b>	<b>121.648</b>

## 6. COSTS OF MATERIAL AND ENERGY

	<u>2021</u>	<u>2020</u>
Costs of material	1.781	2.635
Costs of fuel	557	518
Inventory write-off costs	36	455
<i>Total</i>	<u>2.374</u>	<u>3.608</u>

## 7. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES

	<u>2021</u>	<u>2020</u>
Costs of gross salaries	23.438	22.032
Costs based on author's work contract and temporary service contracts	2.638	4.701
Other personal expenses and compensations	4.199	3.112
<i>Total</i>	<u>30.275</u>	<u>29.845</u>

## 8. COSTS OF PRODUCTION SERVICES

	<u>2021</u>	<u>2020</u>
Costs of transport, postal and telecom services	963	777
Costs of maintenance	218	55
Cost of rent	583	393
Advertising costs	3.880	12.155
Costs of other production services	59	209
<i>Total</i>	<u>5.703</u>	<u>13.589</u>

## 9. NONMATERIAL COSTS

	<u>2021</u>	<u>2020</u>
Auditing, accounting and consulting services	8.845	11.450
Costs of joint project implementation	54.990	13.518
Costs of representation	3.525	4.111
Other nonmaterial services	186	324
Bank charges	182	163
<i>Total</i>	<u>67.728</u>	<u>29.566</u>

Due to the need to engage in projects, primarily SIDA, MOS and BOS, in 2021 costs of joint project implementation, are increased.

<i>Costs of joint project implementation by Donor</i>	<i>in RSD</i>
Swedish International Development Cooperation Agency - SIDA	38.401
Ministry of Youth and Sports, Republic of Serbia - MOS	12.756
Belgrade Open School - BOS	2.717
Other	1.116
<b>Total:</b>	<b>54.990</b>

## BALANCE SHEET

### 10. EQUIPMENT

Changes in fixed assets are shown as follows:

	<u>2021</u>	<u>2020</u>
Net book value as of 1 January	596	142
Addition	27	535
Write off	(67)	-
Depreciation for the period	(140)	(81)
Net book value as of 31 December	416	596

## 11. CASH AND CASH EQUIVALENTS

	<u>2021</u>	<u>2020</u>
Current accounts - RSD	3.304	5.382
Current account - EUR	30.625	13.397
<i>Total</i>	<u>33.929</u>	<u>18.779</u>

## 12. DEFERRED INCOME

Deferred income related to income from donations is disclosed in the Balance Sheet in the amount of RSD 34.293 thousands (in 2020: 19.363 thousands).

The deferred income as of 31 December 2021, includes:

	<u>2021</u>	<u>2020</u>
1 January	19.363	8.570
Calculated revenues to equalize with expenditures (Note 5)	15.753	11.050
Other	(823)	(257)
<i>31 December</i>	<u>34.293</u>	<u>19.363</u>

## 13. RELATED PARTIES

According to the statement of Management, Association have no related parties.

## 14. CONTINGENT LIABILITIES

On 31 December 2021, to the best of the Management's knowledge, the Association did not pursue any lawsuits as a defendant, outcome of which could have negative effects on the Association's activities in the following period.

## 15. EXCHANGE RATES

The median foreign exchange rates, established at the inter-bank exchange market, applied for the translation of foreign exchange items into RSD, were the following for the major foreign currencies:

	<u>31 December 2021</u>	<u>31 December 2020</u>
EUR	117,5821	117,5802
USD	103,9262	95,6637