

# 2016

Financial Statements

of

**the CITIZENS NETWORK WATCHDOG POLAND**

**Association**

## I. INTRODUCTION TO THE FINANCIAL STATEMENTS

### I. General

|   |   |
|---|---|
| Organisation name:  | Citizens Network Watchdog Poland [Sieć Obywatelska Watchdog Polska (SOWP)]  |
| Registered office:  | 02-605 Warszawa, ul. Ursynowska 22/2  |
| Website:  | <a href="http://www.siecobywatelska.pl/">http://www.siecobywatelska.pl/</a>   |
| Objects:  | Activities of other membership organisations n.e.c.   |
| PKD Polish Classification of Activities 2007:                               | 9499Z   |
| Legal form:   | Association   |
| Court register and number:  | The Register is kept by the DISTRICT COURT FOR THE CAPITAL CITY OF WARSAW IN WARSAW, 13TH COMMERCIAL DIVISION OF THE NATIONAL COURT REGISTER<br>Register's name: THE REGISTER OF ASSOCIATIONS, OTHER SOCIAL AND PROFESSIONAL ORGANISATIONS, FOUNDATIONS AND INDEPENDENT PUBLIC HEALTH CARE CENTRES.<br>ENTITY ENTERED ALSO INTO THE REGISTER OF COMPANIES<br>KRS number: 0000181348 |
| Date of registration in the National Court Register:                        | 27.11.2003  |
| Date of entry into the Register of Companies in the National Court Register | 09.06.2015  |
| NIP [Tax Identification Number]:  | 5262842872  |
| REGON [National Official Business Register number]:                         | 015690020   |

According to § 8 of the Statute, "The objective of the Association is to promote and protect human rights and freedom, and civil liberties, as well as activities supporting the development of democracy, and to support monitoring and education activities, in particular those taken by members of the Association and individuals cooperating with them, in order to increase transparency and integrity of public life, including:

1. to promote free access to public information;
2. to promote public asset management and public policy management that is effective, lawful, transparent and open to civic control;
3. to provide technical and financial support to individuals and organizations in connection with citizens control;
4. to take action to promote ethics in public life and anti-corruption activities".

In accordance with § 9 of the Statute, the Association implements the above-mentioned objectives in particular by:

- Monitoring public entities and other entities receiving public funds.
- Organizing mass events and other forms aimed at promoting the activities of the Association.
- Conducting educational and training activities for youth and adults.
- Providing advice, support and assistance to institutions or persons that implement the statutory objectives of the Association.
- Lodging petitions, motions and appeals to the public authorities.
- Preparing and conducting projects carried out by members of the Association.
- Publishing and writing activities
- Liaising with other similar organizations in the Republic of Poland and abroad.
- Working together with local and state authorities, business sector and the media in the implementation of the Association's objectives.
- Providing legal assistance in the implementation of the statutory objectives of the Association in the form of providing legal representation by authorized representatives in judicial and administrative proceedings and legal advice by competent individuals.
- Activities related to the analysis of election campaign funding.
- Taking other actions conducive to the implementation of the statutory objectives of the organization, including the use of new technologies and innovation that supports the effectiveness of activities and dissemination of their results.
- Initiating, expressing opinions and making statements on laws and regulations.
- Financing activities, natural and legal persons whose objectives coincide with the statutory objectives of the Association.

Pursuant to the Resolution of the Management Board of the Citizens Network Watchdog Poland Association No 1/OB./4/2015 of 8 April 2015, the Association might carry out paid statutory activities. This Resolution was changed on June 3, 2016 in the Resolution no 2/VI/2016 on closing the paid statutory activities.

In 2016, the Association carried out paid statutory activities in the following areas:

- Conducting educational and training activities for youth and adults.
- Providing advice, support and assistance to institutions or persons that implement the statutory objectives of the Association.

Since 09.06.2015, the Association has been conducting economic activities only to the extent necessary to achieve the statutory objectives. In 2016, the economic activities were conducted in the following areas:

- Retail sale via mail order houses or via Internet (47.91.Z).
- Remaining extracurricular forms of education (85.59.B)
- Internet portals' activity (63.12.Z)

The income from economic activities is fully allocated to the statutory public benefit activities.

The Association entrusted the company Taxus Anna Pyrz-Rogocińska with the keeping of the books of accounts for the financial year 2016.

The Association's books of accounts are kept electronically, with the use of the RAKS accounting software.

#### II. The term of the Entity:

According to the Statute, the term of the Association is indefinite.

#### III. Period covered by the financial statements:

The financial statements have been prepared for the period from 01.01.2016 to 31.12.2016, which covers 12 consecutive months. The period from 01.01.2015 to 31.12.2015 is the comparative period.

#### IV. Information that the financial statements contain aggregate disclosures if the reporting entity is composed of internal organisational units preparing their separate financial statements:

The Association does not have any internal organizational units that prepare separate financial statements.

#### V. Going concern assumption:

The financial statements of the Association have been prepared on the assumption that the association will continue as a going concern in the period of at least 12 months after the reporting date, i.e. after 31 December 2016. As at the date of signing the financial statements, the Association's Management Board finds no facts or circumstances that would indicate a threat to the Association's ability to continue as a going concern in the period of at least 12 months following the balance-sheet date due to an intended or forced discontinuation or material curtailment of its activities.

There are no circumstances indicating a threat to the Association's ability to continue as a going concern.

#### VI. Information about whether there was any merger of companies in the period for which the financial statements were prepared:

Not applicable

#### VII. The description of the adopted accounting principles (policies), including the method of measurement of assets, equity and liabilities (including amortisation and depreciation), determination of the financial result and the method of preparation of the financial statements, to the extent that the Accounting Act provides the entity with options.

### Form and basis of preparation of the financial statements

The financial statements have been prepared in accordance with the provisions of the Accounting Act of 29 September 1994 (consolidated text: Dz.U. 2013, item 330, as amended).

The Association has prepared a balance sheet, an income statement and notes consisting of an introduction to the financial statements and explanatory notes in accordance with the model in Appendix 1 to the Accounting Act, using the simplified form provided for in Article 50(2) and (3) of the Accounting Act. The model income statement shows statutory activities separately as the main source of income.

All income generated by the reporting entity and all related expenses incurred by the reporting entity, in respect of a given financial year, were recognised in the entity's books of account on an accrual basis and in accordance with the

principle of matching of income and related expenses, irrespective of their payment date.

The accounting policies adopted by the Association have been applied consistently and comply with the accounting policies applied in the previous financial year.

The Association prepares its income statement according to the function of expense method.

#### The method of measuring assets, equity and liabilities

Property, plant and equipment and intangible assets.

Items of property, plant and equipment are recognised at cost less accumulated depreciation. Items of property, plant and equipment are depreciated for the estimated period of their economic useful life. The Association determines rates on the basis of rates set out in the Appendix to the Corporate Income Tax Act. Depreciation commences in a month that follows the month when the item of property, plant and equipment was commissioned for use. Items of property, plant and equipment with an amount in excess of PLN 3 500.00 are depreciated on a straight-line basis, whereas items of property, plant and equipment with a lower amount are fully depreciated in the month in which the item is commissioned for use. Intangible assets are recognized in the financial statements on the same basis as items of property, plant and equipment.

The cost of items of property, plant and equipment, and of property, plant and equipment under construction includes all costs incurred by the Association during the period of construction, installation, adjustment and improvement until the date of commissioning for use, including the cost of servicing the debt incurred to finance such items and the associated foreign exchange differences, net of related income.

The initial cost of an item of property, plant and equipment is increased by costs of improvement being conversion, expansion, modernisation or reconstruction which result in an asset's usefulness after the improvement being higher than the usefulness at the time when it was commissioned.

For property, plant and equipment, the following depreciation rates (accumulated depreciation) are applied:

- hardware 30%
- technical equipment (other than hardware) 14-20%
- equipment 14-20%

For intangible assets, the following amortisation rates (accumulated amortization) are applied:

- software 50%
- licenses for the use of copyright 20%

The Association reviews periodically the correctness of the applied amortisation and depreciation periods and rates for intangible assets and property, plant and equipment, and such reviews lead to an appropriate adjustment to amortisation and depreciation charges made in subsequent financial years.

Receivables, claims and liabilities, other than those classified as financial assets and liabilities.

Receivables are recognised at amounts due, taking into account the prudence principle. The value of receivables is written down depending on the probability of their collection. The write-downs of receivables are recognised as other operating costs or finance costs, respectively, depending on the type of receivables to which a write-down relates.

Liabilities are recognized in the books of accounts at amounts due.

Receivables and liabilities denominated in foreign currencies are recognized at the date of their origination at the average exchange rate of the National Bank of Poland announced for a given currency as at the date preceding that day.

Cash.

Cash on hand and in bank accounts is measured at its par value:

- An inflow of a foreign currency into a foreign currency account is measured at the buying rate used on that day by the bank holding the account,
- An outflow of a foreign currency is measured at the selling rate used on that day by the bank holding the foreign currency account,
- Foreign exchange differences determined at the end of the day influence the financial result:
  - ✓ Foreign exchange gains – as finance income from financial operations,
  - ✓ Foreign exchange losses – as finance costs from financial operations.

The reconciliation of cash on hand is carried out in the form of a physical inventory.

The reconciliation of cash in bank accounts is carried out by confirming the balances with the bank.

Hedge accounting.

The Association does not apply hedge accounting.

Description of methods and significant assumptions adopted to determine the fair value of financial assets measured at fair value

Fair value is an amount for which an asset could be exchanged between knowledgeable, willing parties.

Prepayments and accruals.

The Association recognises prepayments if they relate to future reporting periods. The main categories of prepayments include property insurance premiums.

Accrued expenses are recognised at amounts of probable liabilities relating to the current reporting period.

Deferred income includes the equivalent of received or receivable amounts for the performance of statutory activities (programmes, projects) in future reporting periods.

Provisions for liabilities.

The basis for the recognition of a provision is a reliable estimate made by the management.

At each reporting date, the Entity reviews the validity and amount of the provision recognised.

The recognition of, or an increase in, a provision is recognised as operating costs, other operating costs or finance costs respectively, depending on the circumstances to which the future obligation is related.

A provision is utilised when an obligation arises for which the provision was previously recognised.

The obligation is posted as a decrease in the provision and an increase in the liability.

A provision may only be used in accordance with the purpose for which it was originally recognised.

If the risks for which provisions were previously recognised are reduced or cease to exist, any unused provisions are credited to operating costs or to other operating income or finance income, as appropriate, depending on the costs previously used to debit the recognition of the provision.

Provisions are recognised for:

certain or highly probable future obligations, provided that a reliable estimate can be made of the amount of the obligation, including, in particular, losses on business transactions in progress, also relating to any guarantees and sureties granted, credit transactions, and results of court proceedings currently in progress;

Foreign currency denominated economic transactions concerning cash, receivables and liabilities recorded in the books of accounts are recognised at the average exchange rate set for a given currency by the President of the National Bank of Poland as at the balance-sheet date.

Income tax.

The Association is a taxable person listed to in Article 17(1) of the Corporate Income Tax Act of 15 February 1992 (Dz. U. of 2014, item 851, as amended) and has the status of a public benefit organization.

Income from statutory activities of the association is tax free in accordance with Article 17(1)(6c) of the Corporate Income Tax Act. The Association did not tax its income because a decision was made to allocate the whole 2015 income to statutory activities.

Foreign exchange differences.

Foreign exchange differences arising in connection with the payment of receivables and liabilities denominated in foreign currencies, as well as from the sale of foreign currencies, are recognised as finance income or costs, respectively, and in justified cases – as part of the cost of manufacture of finished goods or the cost of acquisition of goods for resale, or the cost of acquisition or manufacture of items of property, plant and equipment, items of property, plant and equipment under construction or intangible assets.

Interest.

Interest income is recognized when it is received.

Income from activities.

The income of the Association from the statutory unpaid activities comes from donations, grants and subsidies, membership fees, donations of 1% of tax, public collections. The Association carries on its activities in accordance with the provisions of the Statute.

The Association may generate income from paid statutory activities set out in Resolution No 1/OB./4/2015 of the

Management Board of the Association (This Resolution was changed on June 3,2016 in the Resolution no 2/VI/2016 on closing the paid statutory activities) and from economic activities registered in the National Court Register and set out in the provisions of the Statute.

Costs of activities.

The costs of unpaid statutory activities include costs incurred by the Association for the financing or co-financing of activities in accordance with the Statute of the Association and for programme costs.

General and administrative expenses.

General and administrative expenses include, in particular, salaries, social insurance and other employee benefits, consumption of materials and energy, outsourced services as well as other administrative expenses.

Finance income and finance costs

Finance income is income received from financial operations. Finance costs are incurred costs of financial operations and the measurement of short-term financial assets.

The Association resigned from determining deferred tax assets and liabilities pursuant to Article 37(10) of the Accounting Act due to the fact that the Association is not subject to the mandatory audit of the financial statements.

Economic activities and statutory activity in the books of accounts.

The Association applies the principle of keeping separate financial and accounting documents and accounting records, which allows the Association to identify individual accounting operations. In order to fulfil this requirement, all operations are recorded on separate subsidiary accounts, which rule applies to both costs and income. Each project has separate accounts with subsidiary accounts used according to the level of necessary budget control, and for economic activities each transaction type is recognised separately.

**II. BALANCE SHEET  
ASSETS**

| Detailed Items      |  | Note     | As at             |                   |
|---------------------|--|----------|-------------------|-------------------|
|                     |  |          | 31.12.2015        | 31.12.2016        |
| <b>A.</b>           | <b>NON-CURRENT ASSETS</b>  |          | <b>8 823.55</b>   | <b>9 691.30</b>   |
| <b>I.</b>           | <b>Intangible assets</b>   | <b>1</b> | <b>2 104.75</b>   | <b>2 972.50</b>   |
| 1.                  | Other intangible assets  |          | 2 104.75          | 2 972.50          |
| <b>II.</b>          | <b>Property, plant and equipment</b>   | <b>2</b> | <b>0.00</b>       | <b>0.00</b>       |
| <b>III.</b>         | <b>Non-current receivables</b>   | <b>3</b> | <b>6 718.80</b>   | <b>6 718.80</b>   |
| 1.                  | From related parties   |          | 0,00              | 0,00              |
| 2.                  | From other entities  |          | 6 718.80          | 6 718.80          |
| <b>IV.</b>          | <b>Long-term investments</b>   |          | <b>0.00</b>       | <b>0.00</b>       |
| <b>V.</b>           | <b>Non-current prepayments</b>   |          | <b>0.00</b>       | <b>0.00</b>       |
| <b>B</b>            | <b>CURRENT ASSETS</b>  |          | <b>839 472.30</b> | <b>102 655.26</b> |
| <b>I.</b>           | <b>Inventories</b>   | <b>4</b> | <b>2 715.97</b>   | <b>18 501.35</b>  |
| 1.                  | Prepayments for deliveries   |          | 0.00              | 0.00              |
| 2.                  | Goods  |          | 2 715.97          | 18 501.35         |
| <b>II.</b>          | <b>Current receivables</b>   | <b>5</b> | <b>388 623.72</b> | <b>36 246.43</b>  |
| 1.                  | Receivables from related parties   |          | 0.00              | 0.00              |
| 2.                  | Receivables from other entities  |          | 388 623.72        | 36 246.43         |
| a)                  | Trade receivables maturing within a period of:   |          | 9 557.70          | 8 576.41          |
| -                   | up to 12 months  |          | 9 557.70          | 8 576.41          |
| b)                  | Receivables arising from taxes, grants, customs duties, social security and health insurance, and other benefits |          | 0.00              | 0.00              |
| c)                  | other  |          | 379 066.02        | 27 670.02         |
| <b>III.</b>         | <b>Short-term investments</b>  | <b>6</b> | <b>437 745.21</b> | <b>19 278.63</b>  |
| 1.                  | Current financial assets   |          | 437 745.21        | 19 278.63         |
| a)                  | in related parties   |          | 0.00              | 0.00              |
| b)                  | in other entities  |          | 0.00              | 0.00              |
| c)                  | Cash and other monetary assets   |          | 437 745.21        | 19 278.63         |
| -                   | Cash on hand and in bank accounts  |          | 437 745.21        | 19 278.63         |
| <b>IV.</b>          | <b>Short-term prepayments</b>  | <b>7</b> | <b>10 387.40</b>  | <b>28 628.85</b>  |
| <b>Total assets</b> |  |          | <b>848 295.85</b> | <b>112 346.56</b> |

**EQUITY AND LIABILITIES**

| Detailed items                      |  | Note      | As at             |                    |
|-------------------------------------|--|-----------|-------------------|--------------------|
|                                     |  |           | 31.12.2015        | 31.12.2016         |
| <b>A.</b>                           | <b>EQUITY</b>  |           | <b>11 812.36</b>  | <b>-133 059.03</b> |
| <b>I.</b>                           | <b>Share capital</b>   |           | <b>0.00</b>       | <b>0.00</b>        |
| <b>II.</b>                          | <b>Called-up share capital (negative amount)</b>                             |           | <b>0.00</b>       | <b>0.00</b>        |
| <b>III.</b>                         | <b>Treasury shares (negative amount)</b>                                     |           | <b>0.00</b>       | <b>0.00</b>        |
| <b>IV.</b>                          | <b>Supplementary capital</b>   |           | <b>0.00</b>       | <b>0.00</b>        |
| <b>V.</b>                           | <b>Revaluation reserve</b>   |           | <b>0.00</b>       | <b>0.00</b>        |
| <b>VI.</b>                          | <b>Other capital reserves</b>  |           | <b>0.00</b>       | <b>0.00</b>        |
| <b>VII.</b>                         | <b>Profit (loss) of previous years</b>                                       |           | <b>1 399.45</b>   | <b>11 812.36</b>   |
| <b>VIII.</b>                        | <b>Profit (loss) for the period</b>  | <b>8</b>  | <b>10 412.91</b>  | <b>-144 871.39</b> |
| <b>B.</b>                           | <b>LIABILITIES AND PROVISIONS FOR LIABILITIES</b>                            |           | <b>836 483.49</b> | <b>245 405.59</b>  |
| <b>I.</b>                           | <b>Provisions for liabilities</b>  |           | <b>0.00</b>       | <b>0.00</b>        |
| <b>II.</b>                          | <b>Non-current liabilities</b>   | <b>9a</b> | <b>0.00</b>       | <b>64 505.86</b>   |
| 1.                                  | Loans  |           | 0.00              | 64 505.86          |
| <b>III.</b>                         | <b>Current liabilities</b>   | <b>9b</b> | <b>56 105.59</b>  | <b>67 279.05</b>   |
| 1.                                  | To related parties   |           | 0.00              | 0.00               |
| 2.                                  | To other entities  |           | 56 105.59         | 67 279.05          |
| a)                                  | Loans  |           | 0.00              | 46 509.86          |
| b)                                  | From issue of debt securities  |           | 0.00              | 0.00               |
| c)                                  | Other financial liabilities  |           | 0.00              | 0.00               |
| d)                                  | Trade payables maturing within a period of:                                  |           | 4 779.26          | 4 576.86           |
| -                                   | up to 12 months  |           | 4 779.26          | 4 576.86           |
| e)                                  | Prepayments received for deliveries  |           | 0.00              | 0.00               |
| f)                                  | Notes payable  |           | 0.00              | 0.00               |
| g)                                  | Liabilities arising from taxes, customs duties, insurance and other benefits |           | 18 826.84         | 13 713.75          |
| h)                                  | Payroll liabilities  |           | 1 797.30          | 1 367.22           |
| i)                                  | Other  |           | 30 702.19         | 1 111.36           |
| <b>IV.</b>                          | <b>Accruals</b>  | <b>10</b> | <b>780 377.90</b> | <b>113 620.68</b>  |
| 1.                                  | Negative goodwill  |           | 0.00              | 0.00               |
| 2.                                  | Other accruals   |           | 780 377.90        | 113 620.68         |
| <b>Total Equity and Liabilities</b> |  |           | <b>848 295.85</b> | <b>112 346.56</b>  |



### III. INCOME STATEMENT

| Detailed items |  | Note      | FOR THE PERIOD             |                            |
|----------------|--|-----------|----------------------------|----------------------------|
|                |  |           | 01.01.2015 -<br>31.12.2015 | 01.01.2016 -<br>31.12.2016 |
| <b>A.</b>      | <b>INCOME FROM STATUTORY ACTIVITIES</b>  | <b>11</b> | <b>2 010 280.96</b>        | <b>1 082 981.23</b>        |
| I.             | Income related to unpaid public benefit activities                                 |           | 1 985 449.64               | 1 062 222.63               |
| II.            | Income related to paid public benefit activities                                   |           | 24 831.32                  | 20 758.60                  |
| <b>B.</b>      | <b>COSTS OF IMPLEMENTATION OF STATUTORY TASKS</b>                                  | <b>12</b> | <b>1 865 891.72</b>        | <b>1 051 087.81</b>        |
| I.             | Costs related to unpaid public benefit activities                                  |           | 1 843 737.27               | 1 029 541.22               |
| II.            | Costs related to paid public benefit activities                                    |           | 22 154.45                  | 21 546.59                  |
| <b>C.</b>      | <b>FINANCIAL RESULT OF STATUTORY ACTIVITIES (A-B)</b>                              |           | <b>144 389.24</b>          | <b>31 893.42</b>           |
| <b>D.</b>      | <b>NET REVENUE FROM SELLING PRODUCTS, SERVICES, GOODS FOR RESALE AND MATERIALS</b> |           | <b>22 945.40</b>           | <b>45 331.03</b>           |
| I.             | Net revenue from selling goods for resale and materials                            |           | 22 945.40                  | 45 331.03                  |
| <b>E.</b>      | <b>COST OF PRODUCTS, SERVICES, GOODS FOR RESALE AND MATERIALS SOLD</b>             |           | <b>13 167.99</b>           | <b>82 848.07</b>           |
| I.             | Cost of goods for resale and materials sold  |           | 13 167.99                  | 82 848.07                  |
| <b>F.</b>      | <b>GROSS PROFIT (LOSS) ON SALES (D-E)</b>  |           | <b>9 777.41</b>            | <b>-37 517.04</b>          |
| <b>G.</b>      | <b>GENERAL AND ADMINISTRATIVE EXPENSES</b>   | <b>13</b> | <b>144 429.06</b>          | <b>130 308.09</b>          |
| 1.             | Consumption of materials and energy  |           | 21 166.02                  | 22 117.48                  |
| 2.             | Third-party services   |           | 117 343.06                 | 99 225.70                  |
| 3.             | Taxes and charges  |           | 600.00                     | 643.86                     |
| 4.             | Salaries, social security and other benefits                                       |           | 1 920.99                   | 1 429.48                   |
| 5.             | Depreciation and amortisation  |           | 2 295.96                   | 4 794.25                   |
| 6.             | Other  |           | 1 103.03                   | 2 097.32                   |
| <b>H.</b>      | <b>PROFIT (LOSS) FROM STATUTORY AND ECONOMIC ACTIVITIES (C+F-G)</b>                |           | <b>9 737.59</b>            | <b>-135 931.71</b>         |
| <b>I.</b>      | <b>OTHER OPERATING INCOME</b>  | <b>14</b> | <b>700.00</b>              | <b>206.15</b>              |
| I.             | Gain on disposal of non-financial non-current assets                               |           | 0.00                       | 0.00                       |
| II.            | Grants   |           | 0.00                       | 0.00                       |
| III.           | Other  |           | 700.00                     | 206.15                     |
| <b>J.</b>      | <b>OTHER OPERATING EXPENSES</b>  | <b>15</b> | <b>5.46</b>                | <b>351.62</b>              |
| I.             | Loss on disposal of non-financial non-current assets                               |           | 0.00                       | 0.00                       |
| II.            | Revaluation of non-financial assets  |           | 0.00                       | 0.00                       |
| III.           | Other  |           | 5.46                       | 351.62                     |
| <b>K.</b>      | <b>PROFIT (LOSS) ON OPERATING ACTIVITIES (H+I-J)</b>                               |           | <b>10 432.13</b>           | <b>-136 077.18</b>         |
| <b>L.</b>      | <b>FINANCE INCOME</b>  | <b>16</b> | <b>513.84</b>              | <b>0.00</b>                |
| I.             | Dividends and profit-sharing   |           | 160.00                     | 0.00                       |
| II.            | Interest   |           | 353.84                     | 0.00                       |
| <b>Ł.</b>      | <b>FINANCE COSTS</b>   | <b>17</b> | <b>533.06</b>              | <b>8 755.21</b>            |
| I.             | Interest   |           | 0.19                       | 7 946.64                   |
| II.            | Loss on disposal of investments  |           | 0.00                       | 0.00                       |
| III.           | Revaluation of investments   |           | 0.00                       | 0.00                       |
| IV.            | Other  |           | 532.87                     | 808.57                     |
| <b>M.</b>      | <b>PROFIT (LOSS) BEFORE TAX (M±N)</b>  |           | <b>10 412.91</b>           | <b>-144 832.39</b>         |
| <b>N.</b>      | <b>TAXES ON INCOME</b>   |           | <b>0.00</b>                | <b>39.00</b>               |
| <b>O.</b>      | <b>PROFIT (LOSS) AFTER TAX (O-P)</b>   |           | <b>10 412.91</b>           | <b>-144 871.39</b>         |

#### IV. EXPLANATORY NOTES

##### 1. EXPLANATORY NOTES TO THE BALANCE SHEET

*1/ A detailed presentation of changes in the value of groups of property, plant and equipment, intangible assets and long-term investments, including the balance of these assets at the beginning of the financial year, additions and reductions due to: revaluation, acquisitions, internal transfers and the final balance, and for amortized or depreciated assets – a similar presentation of the balances of and grounds for changes in the accumulated depreciation or amortization.*

###### NOTE 1

###### Changes in intangible assets

(by group)

Other intangible assets

PLN

|  |                  |
|--|------------------|
| <b>a) Gross amount of intangible assets comprises at the beginning of the period</b> | <b>17 352.64</b> |
| b) Additions (due to)  | 5 662.00         |
| – Purchases  | 5 662.00         |
| c) Reductions (expiry of license)  | 6 888.00         |
| <b>d) Gross amount of intangible assets at the end of the period</b>                 | <b>16 126.64</b> |
| <b>e) Accumulated amortisation at the beginning of the period</b>                    | <b>15 247.89</b> |
| f) Additions (due to)  | 4 794.25         |
| – Scheduled amortisation charges   | 4 794.25         |
| g) Reductions for the period (expiry of license)                                     | 6 888.00         |
| <b>h) Accumulated amortisation at the end of the period</b>                          | <b>13 154.14</b> |
| <b>i) Net carrying amount of intangible assets at the end of the period</b>          | <b>2 972.50</b>  |

###### NOTE 2

###### Changes in property, plant and equipment (by group)

|   | Technical<br>equipment<br>and machinery<br>PLN | TOTAL<br>PLN     | Fully depreciated<br>equipment<br>PLN | TOTAL<br>PLN     |
|---|--|------------------|---------------------------------------|------------------|
| <b>a) Gross amount of property, plant and equipment at the beginning of the period</b>  | <b>19 777.26</b>                               | <b>19 777.26</b> | <b>23 027.92</b>                      | <b>42 805.18</b> |
| b) Additions (due to)   | 0.00   | 0.00             | 0.00                                  | 0.00             |
| – Purchases of new items  | 0.00   | 0.00             | 0.00                                  | 0.00             |
| c) Reductions (due to)  | 3 807.50                                       | 3 807.50         | 2 846.80                              | 6 654.30         |
| – liquidation   | 3 807.50                                       | 3 807.50         | 2 846.80                              | 6 654.30         |
| <b>d) Gross amount of property, plant and equipment at the end of the period</b>        | <b>15 969.76</b>                               | <b>15 969.76</b> | <b>20 181.12</b>                      | <b>36 150.88</b> |
| <b>e) Accumulated depreciation at the beginning of the period</b>                       | <b>19 777.26</b>                               | <b>19 777.26</b> | <b>23 027.92</b>                      | <b>42 805.18</b> |
| f) depreciation charge for the period (due to)  | 0.00   | 0.00             | 0.00                                  | 0.00             |
| – Scheduled depreciation charges  | 0.00   | 0.00             | 0.00                                  | 0.00             |
| g) Reductions for the period (due to)   | 3 807.50                                       | 3 807.50         | 2 846.80                              | 6 654.30         |
| – liquidation   | 3 807.50                                       | 3 807.50         | 2 846.80                              | 6 654.30         |
| <b>h) Accumulated depreciation at the end of the period</b>                             | <b>15 969.76</b>                               | <b>15 969.76</b> | <b>20 181.12</b>                      | <b>36 150.88</b> |
| <b>i) Net carrying amount of property, plant and equipment at the end of the period</b> | <b>0.00</b>                                    | <b>0.00</b>      | <b>0.00</b>                           | <b>0.00</b>      |

## **2/ Value of land under perpetual usufruct.**

The Association does not have any land under perpetual usufruct.

## **3/ Amount of items of property, plant and equipment not depreciated by the Entity and used under a rent, lease or similar agreement, including leases**

The Association uses a KM 1650 copier with serial number 3053066 AGK under lease agreement No 1/02/2011 as amended. The copier is owned by the company Art. Serwis Artur Kucher. The owner did not state the value of the copier in the lease contract.

The Association rents office in Warsaw at ul. Ursynowska 22/2, owned by Irena Jeśmanowicz, for the statutory purposes and for the purpose of economic activities. The agreement was signed on 06.09.2007 and amended. The agreement does not state the value of the property.

## **4/ Liabilities to the Treasury or local government budgets on account of obtaining ownership of buildings and structures.**

In the reporting period there were no liabilities to the State Treasury or local government entities in this respect.

## **5/ Information about the ownership structure of the Entity's share capital and the nominal value of the subscribed shares, including preference shares.**

The Association did not have a share capital as at 31.12.2016.

## **6/ The balance at the beginning of the financial year, additions and utilisation and the closing balance of statutory reserve and other reserves.**

| Item | Type of capital (fund) | As at the beginning of the reporting year | Additions during the reporting year |                         |               |       | Total (4+5+6+7) |
|------|------------------------|---|-------------------------------------|-------------------------|---------------|-------|-----------------|
|      |                        |   | agio                                | Appropriation of profit | Contributions | Other |                 |
| 1    | 2                      | 3   | 4                                   | 5                       | 6             | 7     | 8               |
| 1.   | statutory reserve      | -   | -                                   | -                       | -             | -     | -               |
| 2.   | other reserves         | -   | -                                   | -                       | -             | -     | -               |
| 3.   | revaluation reserve    | -   | -                                   | -                       | -             | -     | -               |

| Reductions during the reporting year |                         |           |       | Total (9+10+11+12) | As at the end of the reporting year |   |
|--------------------------------------|-------------------------|-----------|-------|--------------------|-------------------------------------|---|
| Financing of loss                    | Return of contributions | Dividends | Other |                    | Total (3+8-13)                      | including: capital covering treasury shares |
| 9                                    | 10                      | 11        | 12    | 13                 | 14                                  | 15  |
| -                                    | -                       | -         | -     | -                  | -                                   | -   |
| -                                    | -                       | -         | -     | -                  | -                                   | -   |
| -                                    | -                       | -         | -     | -                  | -                                   | -   |

## **7/ Proposal concerning the distribution of profit or financing of loss for the financial year.**

The Management Board of the Association will recommend that the net loss for the year 2016 in the amount of PLN 144 871.39 be covered from the following year's income.

## **8/ Information about the balance of provisions according to the purpose of their recognition at the beginning of the financial year, additions, utilisations, reversals and the closing balance.**

Provisions as at 31.12.2016 – none.

**9/ Information about write-downs of receivables, including the balance at the beginning of the financial year, additions, utilisations, reversals and the closing balance.**

The Association has no receivables that would require recognition of a write-down in 2016.

**10/ Breakdown of non-current liabilities by balance-sheet item with a specified contractual maturity as at the balance-sheet date:**

- a/ up to 1 year,
- b/ 1 to 3 years,
- c/ 3 to 5 years,
- d/ more than 5 years.

The Association had no non-current liabilities.

**11/ List of material items of prepayments and accruals.**

**NOTE 7**

**Short-term prepayments**

|  | 31 December 2015 | 31 December 2016 |
|--|------------------|------------------|
|  | in PLN           | in PLN           |
| a) Prepayments, including:   | 804.85           | 908.17           |
| – equipment insurance paid   | 804.85           | 908.17           |
| – subscriptions paid   | 0.00             | 0.00             |
| b) Other prepayments, including:   | 9 582.55         | 27 720.68        |
| – costs incurred in connection with implemented statutory programme activities, which were not covered by the inflow of subsequent tranches of grants/funding under signed contracts | 9 582.55         | 27 720.68        |
| <b>Total short-term prepayments</b>  | <b>10 387.40</b> | <b>28 628.85</b> |

There were no accruals in 2016.

**12) List of groups of liabilities secured on the entity's assets (with indication of the type of security).**

The Association has no liabilities secured by its assets.

**13/ Contingent liabilities, including guarantees and suretyships granted by the Entity (including bill of exchange securities).**

In the reporting period, the Entity had no contingent liabilities or suretyships.

**14/ Non-current receivables**

**NOTE 3**

**Non-current receivables**

|   | 31 December 2015 | 31 December 2016 |
|---|------------------|------------------|
|   | in PLN           | in PLN           |
| a) From related parties                   | 0.00             | 0.00             |
| b) Receivables from other entities        | 6 718.80         | 6 718.80         |
| – Grants awarded but not received         | 0.00             | 0.00             |
| – Other – repayable security deposits for | 6 718.80         | 6 718.80         |
| <b>Total non-current receivables</b>      | <b>6 718.80</b>  | <b>6 718.80</b>  |

## 15/ Long-term investments

None

## 16/ Inventories

### NOTE 4

#### Inventories

|  | 31 December 2015 | 31 December 2016 |
|--|------------------|------------------|
|  | in PLN           | in PLN           |
| a) Materials                                   | 0.00             | 0.00             |
| b) Semi-finished products and work in progress | 0.00             | 0.00             |
| c) Finished products                           | 0.00             | 0.00             |
| d) Goods                                       | 2 715.97         | 18 501.35        |
| e) Prepayments for deliveries                  | 0.00             | 0.00             |
| <b>Total inventories</b>                       | <b>2 715.97</b>  | <b>18 501.35</b> |

## 17/ Current receivables

### NOTE 5

#### Current receivables

|   | 31 December 2015  | 31 December 2016 |
|---|-------------------|------------------|
|   | in PLN            | in PLN           |
| 1. From related parties   | 0.00              | 0.00             |
| 2. Receivables from other entities  | 388 623.72        | 36 246.43        |
| a) Trade receivables maturing within a period of:                               | 9 557.70          | 8 576.41         |
| - up to 12 months   | 9 557.70          | 8 576.41         |
| b) other  | 379 066.02        | 27 670.02        |
| - on account of grants awarded but not received                                 | 241 216.59        | 26 681.70        |
| - from project partners   | 137 732.43        | 0.00             |
| - on account of reimbursement of court fees                                     | 117.00            | 17.00            |
| - from bank, complaint submitted to bank as regards service chargé and blockade | 0.00              | 971.32           |
| <b>Total gross current receivables</b>  | <b>388 623.72</b> | <b>36 246.43</b> |

#### Current and non-current receivables

| Name of the entity transferring the grant / subsidy  | Agreement No  | The amount of grant / subsidy | Tranches until 2015 - effected | Tranches for 2016 | Tranches for 2016 - waiting |
|--|---|-------------------------------|--------------------------------|-------------------|-----------------------------|
| Stefan Batory Foundation   | S/46 from the funds of the EEA Financial Mechanism  | 1 980 000.00                  | 1 782 000.00                   | 198 000.00        | 0.00                        |
| University of Warsaw - Interdisciplinary Centre for Mathematical and Computational Modelling | Contract for project No /IS-1/040/NCBR/2014 of 20.03.2014 in accordance with the consortium agreement of 27.03.2013 | 65 361.60                     | 34 145.01                      | 7 334.89          | 23 881.70                   |
| H. Boll Foundation   | Cooperation agreement of 21.05.2015 (IZP00130)  | 18 000.00                     | 6 000.00                       | 9 582.55          | 0.00                        |
| H. Boll Foundation   | Cooperation agreement of 115.06.2016 (IZP00154)   | 14 000.00                     | 0.00                           | 11 200.00         | 2 800.00                    |
| <b>Razem:</b>  |   | <b>2 077 361.60</b>           | <b>1 822 145.01</b>            | <b>226 117.44</b> | <b>26 681.70</b>            |

## 18/ Short-term investments

### NOTE 7

#### Cash and other monetary assets

|   | 31 December 2015  | 31 December 2016 |
|---|-------------------|------------------|
|   | in PLN            | in PLN           |
| Cash on hand and at banks, including        |                   |                  |
| Cash on hand in PLN                         | 496.95            | 124.13           |
| Current bank accounts                       | 436 909.64        | 18 883.32        |
| Bank interest on deposits                   | 0.07              | 0.07             |
| Other securities                            | 0.00              | 0.00             |
| Cash in transit                             | 338.55            | 271.11           |
| <b>Total cash and other monetary assets</b> | <b>437 745.21</b> | <b>19 278.63</b> |

Banks keeping current accounts and deposits:

- Volkswagen Bank Polska SA
- Bank Millennium SA
- Bank BGŻ

Cash in transit in the amount of 271,11 PLN consists of delayed payments by PayPal.

## 19/ Current liabilities

### NOTE 9

#### Other liabilities

|  | 31 December 2015 | 31 December 2016  |
|--|------------------|-------------------|
|  | Amount in PLN    | Amount in PLN     |
| <b>a. Long-term liabilities</b>  | <b>0.00</b>      | <b>64 505.86</b>  |
| - long-term loans  | 0.00             | 64 505.86         |
| <b>b. Short-term liabilities</b>   | <b>56 105.59</b> | <b>67 279.05</b>  |
| Short-term loans   | 0.00             | 46 509.86         |
| Z Trade payables maturing within a period of:                                | 4 779.26         | 4 576.86          |
| - up to 12 months  | 4 779.26         | 4 576.86          |
| Liabilities arising from taxes, customs duties, insurance and other benefits | 18 826.84        | 13 713.75         |
| - on account of taxes, customs duties  | 5 261.00         | 3 588.00          |
| - on account of national social insurance                                    | 13 565.84        | 10 125.75         |
| Payroll liabilities  | 1 797.30         | 1 367.22          |
| - Payroll liabilities  | 1 797.30         | 1 367.22          |
| Other (by nature)  | 30 702.19        | 1 111.36          |
| - with Members of the Watchdog Poland Association                            | 612.00           | 1 111.36          |
| - on account of debit notes received from Project Partners                   | 30 090.19        | 0.00              |
| <b>Total other liabilities</b>   | <b>56 105.59</b> | <b>131 784.91</b> |

Loan contracts:

- contract no 48/PES/01/C/2016 signed on 22.07.2016 for 81 000.00 PLN for 60 months beginning on the day of payment, interest rate 0,44% in a year.
- contract signed on 19.12.2016 with physical person for 30 000.00 PLN till 28.02.2017, interest rate 1% in a year

Trade payables **4 576.86 PLN**

| Name of counterparty       | Liabilities arising from  | Date of payment           | Amount          |
|----------------------------|---|---------------------------|-----------------|
| TAXUS Anna Pyrz-Rogozińska | Accounting services FV 135/12/2016, FV 136/12/2016                | 25-01-2017                | 3 200.00        |
| Jeśmanowicz Irena          | Settlement for utilities 2/2016                                   | 05-01-2017                | 892.39          |
| Orange Polska SA           | the cost of telephone calls as per invoice `FV F0048715102/010/16 | 05-01-2017                | 204.49          |
| S.I.P. Express Taxi        | Taxi service as per FV F/2016/00752                               | 17-02-2017                | 27.00           |
| Art Serwis Artur Kuczer    | FV 380/16   | 05-01-2017                | 150.00          |
| Solid Group Sp. Z o.o.     | Surveillance of the office FV 2017/01/078371/SP/2                 | 05-01-2017                | 64.14           |
| PAYPRO SA                  | FV 2016/12/A/35342/3818, FV 2016/12/A/35340/3817                  | 02-01-2017;<br>09-02-2017 | 1.71            |
| CROWDING Sp. Z o.o.        | Usługi portalu FV 1/12/2016/11760                                 | 28-02-2017                | 37.13           |
| Total trade payables:      |   |                           | <b>4 576.86</b> |

#### Payroll liabilities **1 367.22 PLN**

| Full name of employee      | Liabilities arising from            | Date of payment | Amount          |
|----------------------------|-------------------------------------|-----------------|-----------------|
| Wilk Bartosz               | Payment for unused holidays in 2016 | 27-01-2017      | 1 367.22        |
| Total payroll liabilities: |                                     |                 | <b>1 367.22</b> |

#### Settlements with members of the Watchdog Poland Association **1 111.36 PLN**

| Full name of member of the SOWP Association | Liabilities arising from  | Date of payment | Amount          |
|---|---|-----------------|-----------------|
| Katarzyna Batko-Tołuć                       | Associations spending- travels, commercials and promotion in social media | 13-02-2017      | 1 111.36        |
| Total other liabilities::                   |   |                 | <b>1 111.36</b> |

## **20 / Presentation of the financial result**

The Association's financial result after tax comprises the following elements:

- the result on unpaid statutory activities – it arises from the difference between income from unpaid statutory activities and costs relating to these activities (subsidies, grants, membership fees, donations of 1% of income tax, other donations and other statutory income);
- net income from paid statutory activities – it arises from the difference between income from paid statutory activities and costs relating to such activities (lecture, translations, training);
- net income from economic activities – it arises from the difference between net income from selling goods and services, and the cost of goods and services sold (t-shirts, notebooks, mirror, tea-pot, glasses, etc., items with the logo promoting transparency, study, workshop, IT services).

The above net incomes are reduced by general and administrative expenses.

**NOTE 8****Reconciliation of the financial result (Profit/Loss after tax)**

|   | 2015<br>Amount in PLN | 2016<br>Amount in PLN |
|---|-----------------------|-----------------------|
| <i>Net income from unpaid statutory public benefit activities</i> | 6 026.15              | -96 561.59            |
| <i>including:</i>   |                       |                       |
| <i>a) Net income from core activities</i>                         | 141 712.37            | 32 681.41             |
| <i>b) General and administrative expenses</i>                     | -136 099.14           | -121 624.15           |
| <i>c) Bank interest</i>   | 353.84                | 0.00                  |
| <i>d) Rounding</i>  | 0.00                  | -0.29                 |
| <i>e) Dividend</i>  | 160.00                | 0.00                  |
| <br>  |                       |                       |
| <i>f) Default interest</i>  | -0.19                 | -7 792.73             |
| <i>g) Return of court fees</i>                                    | 0.00                  | 200.00                |
| <i>h) Foreign exchange losses</i>                                 | -100.73               | -25.83                |
| <b>Net income from unpaid statutory public benefit activities</b> | <b>6 026.15</b>       | <b>-96 561.59</b>     |
| <br>  |                       |                       |
| <i>Net income from paid statutory public benefit activities</i>   | -541.23               | -3 058.17             |
| <i>including:</i>   |                       |                       |
| <i>a) Net income from core activities</i>                         | 2 676.87              | -787.99               |
| <i>b) General and administrative expenses</i>                     | -2 785.96             | -1 487.80             |
| <i>c) Foreign exchange losses</i>                                 | -432.14               | -782.38               |
| <b>Net income from paid statutory public benefit activities</b>   | <b>-541.23</b>        | <b>-3 058.17</b>      |
| <br>  |                       |                       |
| <i>Net income from economic activities</i>                        | 4 927.99              | -45 212.63            |
| <i>including:</i>   |                       |                       |
| <i>a) Net income from core activities</i>                         | 9 777.41              | -37 517.04            |
| <i>b) General and administrative expenses</i>                     | -5 543.96             | -7 196.14             |
| <i>c) Loans' interests</i>  | 0.00                  | -154.27               |
| <i>d) Other operating income</i>                                  | 694.54                | -345.18               |
| <b>Net income from unpaid statutory public benefit activities</b> | <b>4 927.99</b>       | <b>-45 212.63</b>     |
| <br>  |                       |                       |
| Gross financial result  | 10 412.91             | -144 832.39           |
| Income tax  | 0.00                  | 39.00                 |
| Net financial result  | 10 412.91             | -144 871.39           |

**21/ Deferred income****NOTE 11****Accruals**

|   | 31 December 2015<br>Amount in PLN | 31 December 2016<br>Amount in PLN |
|---|-----------------------------------|-----------------------------------|
| Deferred income                               |                                   |                                   |
| – grants awarded and due in the next period   | 241 216.59                        | 26 681.70                         |
| – grants awarded and not expended until 31.12 | 539 161.31                        | 86 938.98                         |
| <b>Total deferred income</b>                  | <b>780 377.90</b>                 | <b>113 620.68</b>                 |



## 2. EXPLANATORY NOTES TO THE INCOME STATEMENT

### *1/ Net revenue from selling products, goods for resale and materials, by type (types of activity) and by geographical distribution (domestic sales, export) and related costs.*

The income statement is prepared according to the format that allows the Association to show separately the amount of income and costs for each activity, whereas general and administrative expenses are recognized in the income statement in a total amount. General and administrative expenses are charged to the financial result of statutory activities and economic activities in proportion to the generated income.

#### NOTE 11

##### Income from statutory activities

|   | 2015                | 2016                |
|---|---------------------|---------------------|
|   | Amount in PLN       | Amount in PLN       |
| a) Income from unpaid public benefit activities | 1 985 449.64        | 1 062 222.63        |
| – Gross contributions specified in the Statute  | 7 270.01            | 9 010.00            |
| – Donations of 1% of income tax                 | 22 918.70           | 147 946.96          |
| – Grants / subsidies                            | 1 937 884.42        | 821 004.88          |
| – Donations                                     | 16 649.12           | 84 035.79           |
| • Donations from natural persons                | 16 649.12           | 77 874.63           |
| • Donations from legal persons                  | 0.00                | 6 161.16            |
| • Donations in-kind                             | 0.00                | 2 000.00            |
| – Public collections                            | 727.39              | 225.00              |
| b) Income from paid public benefit activities   | 24 831.32           | 20 758.60           |
| c) Income from economic activities              | 22 945.40           | 45 331.03           |
| – Selling goods                                 | 14 473.00           | 3 692.85            |
| – Selling services                              | 8 472.40            | 41 638.18           |
| <b>Total income from statutory activities</b>   | <b>2 033 226.36</b> | <b>1 128 312.26</b> |

#### NOTE 14 and 16

##### Total other income and gains

|  | 2015            | 2016          |
|--|-----------------|---------------|
|  | Amount in PLN   | Amount in PLN |
| 1) Pozostałe przychody operacyjne                                      | 700.00          | 206.15        |
| – surplus of goods   | 0.00            | 6.15          |
| – return of court fees   | 0.00            | 200.00        |
| – Other income – reimbursement from the Tax Office for a cash register | 700.00          | 0.00          |
| 2) Finance income  | 513.84          | 0.00          |
| – Bank interest  | 353.84          | 0.00          |
| – Dividend – Spółdzielnia Kooperatywa Pozarządowa                      | 160.00          | 0.00          |
| – Foreign exchange gains   | 0.00            | 0.00          |
| 3) Extraordinary gains   | 0.00            | 0.00          |
| <b>Total other income and gains</b>                                    | <b>1 213.84</b> | <b>206.15</b> |

**NOTE 12****General and administrative expenses related to statutory activities and economic activities**

|   | 2015                | 2016                |
|---|---------------------|---------------------|
|   | Amount in PLN       | Amount in PLN       |
| <i>General and administrative expenses including:</i>   |                     |                     |
| <i>a) Attributable to unpaid statutory activities</i>   | 136 099.14          | 121 624.15          |
| <i>b) Attributable to paid statutory activities</i>   | 2 785.96            | 1 487.80            |
| <i>b) Attributable to economic activities</i>   | 5 543.96            | 7 196.14            |
| <b>Total general and administrative expenses</b>  | <b>144 429.06</b>   | <b>130 308.09</b>   |
| <i>Total costs of statutory activities including:</i>   |                     |                     |
| <i>a) Attributable to unpaid statutory activities</i>   | 1 843 737.27        | 1 029 541.22        |
| <i>b) Attributable to paid statutory activities</i>   | 22 154.45           | 21 546.59           |
| <b>Total costs of statutory activities</b>  | <b>1 865 891.72</b> | <b>1 051 087.81</b> |
| <i>Costs of economic activities</i>   | 13 167.99           | 82 848.07           |
| <b>Total costs of economic activities</b>   | <b>13 167.99</b>    | <b>82 848.07</b>    |
| <b>Costs of statutory activities, economic activities and general and administrative expenses</b> | <b>2 023 488.77</b> | <b>1 264 243.97</b> |

**Information on the structure of costs by nature**

|   | 2015                | 2016                |
|---|---------------------|---------------------|
|   | Amount in PLN       | Amount in PLN       |
| <i>Consumption of materials and energy</i>          | 33 690.57           | 30 523.73           |
| <i>Outsourced services</i>                          | 603 515.56          | 447 026.52          |
| <i>Taxes and charges</i>                            | 13 858.64           | 14 542.50           |
| <i>Salaries, social security and other benefits</i> | 755 935.36          | 524 483.18          |
| <i>Depreciation and amortisation</i>                | 2 367.96            | 4 794.25            |
| <i>Other</i>  | 614 120.68          | 242 873.79          |
| <b>Total costs by nature:</b>                       | <b>2 023 488.77</b> | <b>1 264 243.97</b> |

| Name of the donor, grantor or name of the activity   | 2016 payment; e.g. grants, subsidies, donations, contributions | Payments from previous years, not expended until 31.12.2015 | Disbursement of funds for the implementation of programmes | Balance to be expended in future years (only grants and special purpose donations are subject to settlement ) | Costs up to the amount of funding, to be settled after tranche payment | income 2016         | cost 2016           |
|--|--|---|--|---|--|---------------------|---------------------|
| <b>Stefan Batory Foundation</b>  | <b>348 000.00</b>  | <b>240 541.88</b>   | <b>511 045.37</b>  | <b>77 496.51</b>  | <b>0.00</b>  | <b>511 045.37</b>   | <b>511 045.37</b>   |
| Project financed from the funds of the EEA Financial Mechanism according to contract S/46  | 198 000.00   | 240 541.88  | 438 541.88   | 0.00  | 0.00   | 438 541.88          | 438 541.88          |
| Project implemented on the basis of contract no 23177 from 01.07.2016-31.12.2017   | 150 000.00   | 0.00  | 72 503.49  | 77 496.51   | 0.00   | 72 503.49           | 72 503.49           |
| <b>University of Warsaw – project No /IS-1/040/NCBR/2014 of 20.03.2014 in accordance with the consortium agreement of 27.03.2013</b> | <b>0.00</b>  | <b>30 939.01</b>  | <b>54 820.71</b>   | <b>0.00</b>   | <b>23 881.70</b>   | <b>30 939.01</b>    | <b>30 939.01</b>    |
| <b>Trust for Civil Society grant according to contract No 3/2013</b>   | <b>0.00</b>  | <b>267 680.42</b>   | <b>258 237.95</b>  | <b>9 442.47</b>   | <b>0.00</b>  | <b>258 237.95</b>   | <b>258 237.95</b>   |
| <b>Activities financed from own funds and small donations</b>  | <b>91 045.79</b>   | <b>0.00</b>   | <b>181 233.87</b>  | <b>0.00</b>   | <b>1 038.98</b>  | <b>91 045.79</b>    | <b>180 194.89</b>   |
| <b>H. Boll Foundation</b>  | <b>20 782.55</b>   | <b>0.00</b>   | <b>23 582.55</b>   | <b>0.00</b>   | <b>2 800.00</b>  | <b>20 782.55</b>    | <b>20 782.55</b>    |
| Cooperation agreement of 21.05.2015 (IZP00130)   | 9 582.55   | 0.00  | 9 582.55   | 0.00  | 0.00   | 9 582.55            | 9 582.55            |
| Cooperation agreement of 15.06.2016 (IZP00154)   | 11 200.00  | 0.00  | 14 000.00  | 0.00  | 2 800.00   | 11 200.00           | 11 200.00           |
| <b>Donations of 1% of income tax</b>   | <b>147 946.96</b>  | <b>0.00</b>   | <b>149 965.60</b>  | <b>0.00</b>   | <b>0.00</b>  | <b>147 946.96</b>   | <b>149 965.60</b>   |
| <b>Public collection – 30.09.16 “A Toast for Transparency”</b>   | <b>225.00</b>  | <b>0.00</b>   | <b>0.00</b>  | <b>0.00</b>   | <b>0.00</b>  | <b>225.00</b>       | <b>0.00</b>         |
| <b>Summary</b>   | <b>608 000.30</b>  | <b>539 161.31</b>   | <b>1 178 886.05</b>  | <b>86 938.98</b>  | <b>27 720.68</b>   | <b>1 060 222.63</b> | <b>1 151 165.37</b> |

\* Costs consist of "General and administrative expenses" in the amount of PLN 121 624.15 and costs of unpaid statutory activity in the amount of PLN 1 029 541.22, total costs PLN 1 151 165.37.

#### NOTE 13

##### General and administrative expenses

|  | 2015<br>Amount in PLN | 2016<br>Amount in PLN |
|--|-----------------------|-----------------------|
| <i>Consumption of materials and energy</i> | 21 166.02             | 22 117.48             |
| <i>Outsourced services</i>                 | 117 343.06            | 99 225.70             |
| <i>Taxes and charges</i>                   | 600.00                | 643.86                |

|   |                   |                   |
|---|-------------------|-------------------|
| <i>Salaries, social security and other benefits</i> | 1 920.99          | 1 429.48          |
| <i>Depreciation and amortisation</i>                | 2 295.96          | 4 794.25          |
| <i>Others</i>                                       | 1 103.03          | 2 097.32          |
| <b>Total costs by nature:</b>                       | <b>144 429.06</b> | <b>130 308.09</b> |

#### NOTE 15

##### Other expenses

|                                    | 2015          | 2016          |
|------------------------------------|---------------|---------------|
|                                    | Amount in PLN | Amount in PLN |
| a) Reversal of provisions (due to) | 0.00          | 0.00          |
| b) Other, including:               | 5.46          | 351.62        |
| – Wasted goods                     | 0.00          | 350.70        |
| – Other – rounding                 | 5.46          | 0.92          |
| <b>Total other expenses</b>        | <b>5.46</b>   | <b>351.62</b> |

#### NOTE 17

##### Koszty finansowe

|                                       | 2 015         | 2 016           |
|---------------------------------------|---------------|-----------------|
|                                       | Amount in PLN | Amount in PLN   |
| Finance costs relating to interest    | 0.19          | 7 946.64        |
| a) on loans                           | 0.00          | 7 946.15        |
| b) other interest                     | 0.19          | 0.49            |
| Other finance costs                   | 532.87        | 808.57          |
| a) foreign exchange losses, including | 532.87        | 808.57          |
| – Realized                            | 475.87        | 689.68          |
| – Unrealized                          | 57.00         | 118.89          |
| b) Recognition of provisions (due to) | 0.00          | 0.00            |
| c) Other, including                   | 0.00          | 0.00            |
| <b>Total finance costs</b>            | <b>533.06</b> | <b>8 755.21</b> |

#### **2/ Amount and explanation of reasons for write-downs of property, plant and equipment.**

In the reporting period, the Association did not recognise any write-downs of property, plant and equipment

#### **3/ Amount of write-downs of inventories.**

In the reporting period, the Association did not recognise any write-downs of inventories

#### **4/ Income, costs and profit or loss from activities discontinued in the reporting year or to be discontinued in the following year.**

None

#### **5/ Reconciliation of the main differences between the income tax base and the accounting profit (loss) before tax.**

The income statement prepared according to the function of expense variant for the period from 01.01.2016 to 31.12.2016 shows accounting loss of PLN 144 832.39.

Deductible expenses recognized in the CIT-8 tax return were adjusted by non-deductible expenses and income adjustments:

- Adjustment of income by the grant tranches not expended 31.12.2016 PLN 77 496.51.

- Adjustment of income by 2015 tranches expended in 2016 – PLN 529 718.847.
- Exclusion of cost financed from assistance funds from deductible costs – PLN 438 541.88. (EEA)
- Exclusion of costs financed from donations of 1% of tax and membership fees from deductible expenses - PLN 166 537.41.
- Paid 2015 salaries in the amount of PLN 3 115.06.
- Unpaid salaries as at 31.12.2016 in the amount of PLN - 1 367.22.
- Membership Fees - PLN 900.00.

**6/ For entities which prepare the income statement by function of expense, information on the cost of manufacture of products for internal purposes and on costs by nature.**

Data on costs by nature is presented in Note 14.

**7/ Cost of manufacture of property, plant and equipment under construction.**

In 2016, the Association did not incur any expenditure on property, plant and equipment under construction.

**8/ The expenditure on non-current non-financial assets, incurred in the last year and planned for the following year; the expenditure incurred and planned for environmental protection should be disclosed separately.**

| Item | Expenditures  | Incurred during the reporting year | Planned for the next year |
|------|---|------------------------------------|---------------------------|
| 1.   | Intangible assets, including software   | 5 662,00                           | -                         |
| 2.   | Property, plant and equipment - technical equipment and machinery                               | -                                  | -                         |
| 3.   | Property, plant and equipment – other items and low-value items                                 | -                                  | -                         |
| 4.   | Purchase of property, plant and equipment, including:<br>- environmental protection expenditure | -                                  | -                         |

**9/ Information about extraordinary gains and losses, broken down into fortuitous events and other extraordinary gains and losses**

None

**10/ Income tax on profit or loss from extraordinary operations**

Not applicable

**3. EXPLANATORY NOTES TO THE CASH-FLOW STATEMENT.**

The Association does not prepare the cash flow statement.

**4. INFORMATION ON PERSONAL MATTERS**

**Information about:**

**1/ Average employment during the financial year by professional group.**

| Detailed items       | Average employment in 2016 |
|----------------------|----------------------------|
| White-collar workers | 6                          |
| Blue-collar workers  | 0                          |

|  |   |
|--|---|
| People employed abroad                     | 0 |
| Students                                   | 0 |
| People on parental leaves or unpaid leaves | 0 |
| Total                                      | 6 |

At the end of 2016, the Association employed 6 employees (on a different time basis). The Association periodically employed persons under civil law contracts.

**2/ Remuneration paid or payable to members of the Association's management and supervisory bodies.**

The Association does not pay any remuneration to members of its management and supervisory bodies for their function.

The Association paid remuneration for programme work to the following members of the Management Board:

- Szymon Osowski – for advisory and legal counselling, monitoring and advocacy activities as per invoices in the amount of PLN 56 800.00 and for preparing and conducting training, expert papers and lectures as per contract for specific work: PLN 15 760.00 gross.

-Katarzyna Batko-Tołuć – for the programme oversight, international cooperation, advisory activities, planning, drafting research papers on 1% as per invoices in the amount of PLN 55 965.94 and for conducting training under a contract and drafting on line course for Moldovan organisations on advocacy as per contract for specific work: PLN 10 000,00 gross.

- Bartosz Wilk (Board member since June 5, 2016) – for legal assistance, drafting legal opinions and taking care of the correspondence with courts, drafting articles and analyses on the basis of data received from public institutions, caring for volunteers and interns, coordination of contest for the gloss to the jurisdiction concerning freedom of information, as for work contract in the amount of PLN 14 000.00 and for the training provided to disseminate the System for Jurisdiction Analysis as per contract for specific work PLN 1 000.00 gross.

**3/ Loans and similar benefits granted to members of management and supervisory bodies of commercial entities (separately for each group), with an indication of interest terms and terms of repayment.**

No such events occurred.

**4. SIGNIFICANT EVENTS RELATING TO THE REPORTING YEAR AND PRIOR YEARS AND INCLUDED IN THE FINANCIAL STATEMENTS**

**1/ Significant events relating to prior years and included in the financial statements for the reporting year.**

No such events occurred in the reporting year.

**2/ Information about significant events that occurred after the reporting date, which were not taken into account in the financial statements**

No such events occurred in the reporting year.

**3/ Overview of the changes in the accounting policies, which were introduced in the financial year, including the measurement methods, and the changes in the preparation of financial statements, if they affect significantly the financial position and the financial performance of the entity, their causes and the resulting changes in the financial performance and equity:**

In comparison to the previous year, there were no significant changes in accounting policies or measurement methods which would affect significantly the manner of preparing the financial statements or the assessment of the financial position of the Association, including its results.

Date of preparation 31.03.2017

Anna Pyrz-Rogozińska

.....  
(Signed by the person entrusted  
with keeping the books of accounts)

Date of authorisation for issue: 31.03.2017

Approved by the Management Board

.....  
Szymon Osowski  
President of the Board

Bartosz Wilk  
Member of the Board

Katarzyna Batko-Tołuć  
Member of the Board

(Signed by the manager of the Entity, and where the managing body is composed of a number of members - by all members of that managing body)