

2017

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:	http://www.siecobywatelska.pl/
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 Register's name: THE REGISTER OF ASSOCIATIONS, OTHER SOCIAL AND PROFESSIONAL ORGANISATIONS, FOUNDATIONS AND INDEPENDENT PUBLIC HEALTH CARE CENTRES. ENTITY ENTERED ALSO INTO THE REGISTER OF COMPANIES 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:

- 1) Monitoring public entities and other entities receiving public funds.
- 2) Organizing mass events and other forms aimed at promoting the activities of the Association.
- 3) Conducting educational and training activities for youth and adults.
- 4) Providing advice, support and assistance to institutions or persons that implement the statutory objectives of the Association.
- 5) Lodging petitions, motions and appeals to the public authorities.
- 6) Preparing and conducting projects carried out by members of the Association.
- 7) Publishing and writing activities
- 8) Liaising with other similar organizations in the Republic of Poland and abroad.
- 9) Working together with local and state authorities, business sector and the media in the implementation of the Association's objectives.
- 10) 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.
- 11) Activities related to the analysis of election campaign funding.
- 12) 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.

- 13) Initiating, expressing opinions and making statements on laws and regulations.
- 14) Financing activities, natural and legal persons whose objectives coincide with the statutory objectives of the Association.

In 2017, the Association did not carry out paid statutory activities.

In 2017, the Association has been conducting economic activities only to the extent necessary to achieve the statutory objectives. In 2017, 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, computer programming activities, data processing, hosting and related activities (63.11.Z, 62.01.Z, 63.12.Z)
- fair, exhibition and congress organisation - 82.30.Z
- scientific research and development in the field of social sciences and humanities - 72.20.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 2017.

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 01.01.2017 to 31.12.2017, which covers 12 consecutive months. The period from 01.01.2016 to 31.12.2016 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 2017. 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 (Dz.U. 2017, item 2342, 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 2017, item 2343, 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 2017 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.

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	
			31.12.2016	31.12.2017
A.	NON-CURRENT ASSETS		9 691.30	6 718.80
I.	Intangible assets	1	2 972.50	-
1.	Other intangible assets		2 972.50	-
II.	Property, plant and equipment	2	0.00	-
III.	Non-current receivables	5	6 718.80	6 718.80
1.	From related parties		0,00	-
2.	From other entities		6 718.80	6 718.80
IV.	Long-term investments		0.00	-
B	CURRENT ASSETS		102 655.26	51 314.26
I.	Inventories	6	18 501.35	18 946.51
1.	Goods		18 501.35	18 946.51
II.	Current receivables	7	36 246.43	16 245.34
1.	Receivables from related parties		0.00	-
2.	Receivables from other entities		36 246.43	16 245.34
a)	Trade receivables maturing within a period of:		8 576.41	13 730.54
-	up to 12 months		8 576.41	13 730.54
b)	Receivables arising from taxes, grants, customs duties, social security and health insurance, and other benefits		0.00	-
c)	Other		27 670.02	2 514.80
III.	Short-term investments	8	19 278.63	2 448.22
1.	Current financial assets		19 278.63	2 448.22
a)	in related parties		0.00	-
b)	in other entities		0.00	-
-	other securities		-	-
c)	Cash and other monetary assets		19 278.63	2 448.22
-	Cash on hand and in bank accounts		19 278.63	2 448.22
IV.	Short-term prepayments	4	28 628.85	13 674.19
Total assets			112 346.56	58 033.06

EQUITY AND LIABILITIES

Detailed items		Note	As at	
			31.12.2016	31.12.2017
A.	EQUITY		-133 059.03	- 154 813.06
I.	Share capital		0.00	-
II.	Supplementary capital		0.00	-
III.	Revaluation reserve		0.00	-
IV.	Other capital reserves		0.00	-
V.	Profit (loss) of previous years		11 812.36	- 133 059.03
VI.	Profit (loss) for the period		-144 871.39	- 21 754.03
B.	LIABILITIES AND PROVISIONS FOR LIABILITIES		245 405.59	212 846.12
I.	Provisions for liabilities		0.00	-
II.	Non-current liabilities	3, 9a	64 505.86	46 500.00
1.	Loans		64 505.86	46 500.00
III.	Current liabilities	9b	67 279.05	147 822.94
1.	To related parties		0.00	-
2.	To other entities		67 279.05	147 822.94
a)	Loans		46 509.86	119 997.46
b)	From issue of debt securities		0.00	-
c)	Other financial liabilities		0.00	-
d)	Trade payables maturing within a period of:		4 576.86	9 120.36
-	up to 12 months		4 576.86	9 120.36
e)	Prepayments received for deliveries		0.00	1 504.40
f)	Notes payable		0.00	-
g)	Liabilities arising from taxes, customs duties, insurance and other benefits		13 713.75	13 440.72
h)	Payroll liabilities		1 367.22	3 760.00
i)	Other		1 111.36	
IV.	Accruals	11	113 620.68	18 523.18
1.	Negative goodwill		0.00	-
2.	Other accruals		113 620.68	18 523.18
-	Other		113 620.68	18 523.18
Total Equity and Liabilities			112 346.56	58 033.06

Warsaw, March 29, 2018 r.

.....
(Date and signature of the accountant

.....
Szymon Osowski
President of the Board

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Bartosz Wilk
Secretary, Board Member

.....
Katarzyna Batko-Tołuć
Treasurer, Board Member

III. INCOME STATEMENT

Detailed items		Note	As at	
			31.12.2016	31.12.2017
A.	INCOME FROM STATUTORY ACTIVITIES		1 082 981.23	674 587.50
I.	Income related to unpaid public benefit activities	12a	1 062 222.63	674 587.50
II.	Income related to paid public benefit activities	12b	20 758.60	-
B.	COSTS OF IMPLEMENTATION OF STATUTORY TASKS	14	1 051 087.81	598 251.52
I.	Costs related to unpaid public benefit activities		1 029 541.22	598 251.52
II.	Costs related to paid public benefit activities		21 546.59	-
C.	FINANCIAL RESULT OF STATUTORY ACTIVITIES (A-B)		31 893.42	76 335.98
D.	NET REVENUE FROM SELLING PRODUCTS, SERVICES, GOODS FOR RESALE AND MATERIALS	12c	45 331.03	90 378.24
I.	Net revenue from selling services		32 523.68	79 105.94
II.	Net revenue from selling goods for resale and materials		12 807.35	11 272.30
E.	COST OF PRODUCTS, SERVICES, GOODS FOR RESALE AND MATERIALS SOLD		82 848.07	61 593.88
I.	Cost of goods for resale and materials sold		25 379.15	35 386.83
II.	Value of goods for resale and materials sold		57 468.92	26 207.05
F.	GROSS PROFIT (LOSS) ON SALES (D-E)		- 37 517.04	28 784.36
G.	GENERAL AND ADMINISTRATIVE EXPENSES		130 308.09	116 845.02
1.	Consumption of materials and energy		22 117.48	16 822.07
2.	Third-party services		99 225.70	87 763.85
3.	Taxes and charges		643.86	522.00
4.	Salaries, social security and other benefits		1 429.48	3 220.00
5.	Depreciation and amortisation		4 794.25	1 697.31
6.	Other		2 097.32	6 819.79
H.	PROFIT (LOSS) FROM STATUTORY AND ECONOMIC ACTIVITIES (C+F-G)		-135 931.71	- 11 724.68
I.	OTHER OPERATING INCOME	13	206.15	2 514.00
I.	Gain on disposal of non-financial non-current assets		-	-
II.	Grants		-	-
III.	Other		206.15	2 514.00
J.	OTHER OPERATING EXPENSES	15	351.62	0.21
I.	Loss on disposal of non-financial non-current assets		-	-
II.	Revaluation of non-financial assets		-	-
III.	Other		351.62	0.21
K.	PROFIT (LOSS) ON OPERATING ACTIVITIES (H+I-J)		-136 077.18	- 9 210.89
L.	FINANCE INCOME		0.00	-
I.	Dividends and profit-sharing		-	-
II.	Interest		-	-
M.	FINANCE COSTS	16	8 755.21	12 543.14
I.	Interest		7 946.64	1 852.35
II.	Loss on disposal of investments		-	-
III.	Revaluation of investments		-	-
IV.	Other		808.57	10 690.79
N.	PROFIT (LOSS) BEFORE TAX (K+L-M)		-144 832.39	- 21 754.03
O.	TAXES ON INCOME		39.00	-
P.	PROFIT (LOSS) AFTER TAX (N-O)	10	-144 871.39	- 21 754.03

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

a) Gross amount of intangible assets comprises at the beginning of the period	16 126.64
b) Additions (due to)	819.81
– Purchases	819.81
c) Reductions (expiry of license)	2 095.00
d) Gross amount of intangible assets at the end of the period	14 851.45
e) Accumulated amortisation at the beginning of the period	13 154.14
f) Additions (due to)	3 792.31
– Scheduled amortisation charges	3 792.31
g) Reductions for the period (expiry of license)	2 095.00
h) Accumulated amortisation at the end of the period	14 851.45
i) Net carrying amount of intangible assets at the end of the period	0.00

NOTE 2

Changes in property, plant and equipment (by group)

	Technical equipment and machinery PLN	TOTAL PLN	Fully depreciated equipment PLN	TOTAL PLN
a) Gross amount of property, plant and equipment at the beginning of the period	15 969.76	15 969.76	20 181.12	36 150.88
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)	0.00	0.00	0.00	0.00
– liquidation	0.00	0.00	0.00	0.00
d) Gross amount of property, plant and equipment at the end of the period	15 969.76	15 969.76	20 181.12	36 150.88
e) Accumulated depreciation at the beginning of the period	15 969.76	15 969.76	20 181.12	36 150.88
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)	0.00	0.00	0.00	0.00
– liquidation	0.00	0.00	0.00	0.00
h) Accumulated depreciation at the end of the period	15 969.76	15 969.76	20 181.12	36 150.88
i) Net carrying amount of property, plant and equipment at the end of the period	0.00	0.00	0.00	0.00

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 31.12.2017.

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 2017 in the amount of PLN 21,754.03 PLN to 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 31.12.2017 – 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 2017.

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.

NOTE 3

Loan agreement 48/PES/01/C/2016 signed on 22.07.2016 for the amount of PLN 81,000.00 and period of 60 months since the payment of the loan, interest rate 0,44% per year.

a/ up to 1 year = PLN 18,004.67

b/ 1 to 3 years = PLN 36,000.00

c/ 3 to 5 years = PLN 10,500.00.

11/ List of material items of prepayments and accruals.

NOTE 4

Short-term prepayments

	31 December 2016	31 December 2017
	in PLN	in PLN
a) Prepayments, including:	908.17	880.78
– equipment insurance paid	908.17	880.78
b) Other prepayments, including:	27 720.68	12 793.41
– 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	27 720.68	12 793.41
Total short-term prepayments	28 628.85	13 674.19

There were no accruals in 2017.

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

The Association signed the following promissory notes to secure liabilities connected with loans:

- a promissory note for a loan no 48/PES/01/C/2016 (loan for economic activity development),
- a promissory note for a loan no 23/POWER/1/2017 (loan for statutory activity development)
- a promissory note for a loan no 25/POWER/1/2017 (loan for statutory activity development)

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

There are promissory notes enlisted in point 12.

14/ Non-current receivables

NOTE 5

	31 December 2016	31 December 2017
	in PLN	in PLN
a) Receivables from other entities	6 718.80	6 718.80

- Other - repayable security deposits for the office	6 718.80	6 718.80
Total non-current receivables	6 718.80	6 718.80

15/ Long-term investments

None

16/ Inventories

NOTE 6

	31 December 2016	31 December 2017
	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	18 501.35	18 946.51
e) Prepayments for deliveries	0.00	0,00
Total inventories	18 501.35	18 946.51

17/ Current receivables

NOTE 7

	31 December 2016	31 December 2017
	in PLN	in PLN
1. From related parties	0.00	0,00
2. Receivables from other entities	36 246.43	16 245.34
a) Trade receivables maturing within a period of:	8 576.41	13 730.54
- up to 12 months	8 576,41	13 730.54
b) other	27 670.02	2 514.80
- on account of grants awarded but not received	26 681.70	0,00
- from lenders - interests payed out without tax deduction	0.00	79.00
- on account of reimbursement of court fees	17.00	0,00
- from employees -error in bank transfer	0.00	1 464.48
- from bank, complaint submitted to bank as regards service chargé and blockade	971.32	971.32
Total gross current receivables	36 246.43	16 245.34

18/ Short-term investments

NOTE 8

	31 December 2016	31 December 2017
	in PLN	in PLN
Cash on hand and at banks, including		
Cash on hand in PLN	124.13	334.95
Current bank accounts	18 883.32	1 575.92
Bank interest on deposits	0.07	0,07
Other securities	0.00	0,00
Cash in transit	271.11	537.28
Total cash and other monetary assets	19 278.63	2 448.22

Banks keeping current accounts and deposits:

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

Cash in transit in the amount of 537,28 PLN consists of delayed payments by PayPal.

19/ Current liabilities

NOTE 9

	31 December 2016	31 December 2017
	Amount in PLN	Amount in PLN
a. Long-term liabilities	64 505.86	46 500.00
- long-term loans	64 505.86	46 500.00
b. Short-term liabilities	67 279.05	147 822.94
Short-term loans	46 509.86	119 997.46
Trade payables maturing within a period of:	4 576.86	9 120.36
- up to 12 months	4 576.86	9 120.36
Prepayments received for the delivery of goods		1 504.40
Liabilities arising from taxes, customs duties, insurance and other benefits	13 713.75	13 440.72
- on account of taxes, customs duties	3 588.00	3 116.00
- on account of national social insurance	10 125.75	10 324.72
Payroll liabilities	1 367.22	3 760.00
- Payroll liabilities	1 367.22	3 760.00
Other (by nature)	1 111.36	0.00
- with Members of the Watchdog Poland Association	1 111.36	0.00
Total other liabilities	131 784.91	194 322.94

Trade payables PLN **9,120.36**.

Name of counterparty	Liabilities arising from	Date of payment	Amount
TAXUS Anna Pyrz-Rogozińska	Accounting services FV 187/12/2017, 188/12/2017	08-01-2018, 11-01-2018	3 200.00
Jeśmanowicz Irena	Settlement for utilities II half of the year 2017	12-01-2018	309.03
Kancelaria Adwokacka M. Klama	Legal services FV 33/2017	05-01-2018	738.00
Autofokus M. Bójko	F 3/12/2017	05-01-2018	500.00
Art Serwis A. Kuczer	FV 373/17	08-01-2018	150.00
Solid Group Sp. Z o.o.	Surveillance of the office FV 2018/01/071380/SP/2	08-01-2018	64.14
Kancelaria Radcy Prawego A. Kuczyński	Legal services FV 36-42/2017, 44-46/2017	15-01-2018	4 021.23
Polska Korporacja Wydawców I Dystrybutorów	Courier services FV 04536/01/18	10-01-2018	137.96
Total trade payables:			9 120.36

Payroll liabilities **3,760.00 PLN**

Full name of employee	Liabilities arising from	Date of payment	Amount
Wilk Bartosz	R 10/UZ3/2017	05-01-2018	2 250.00
Zaremba Michał	R 5/UZ9/2017	08-01-2018	756.00
Total payroll liabilities			3 760.00

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 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 10

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

	2016 Amount in PLN	2017 Amount in PLN
<i>Net income from unpaid statutory public benefit activities</i>	-96 561.59	-38 965,26
<i>including:</i>		
<i>a) Net income from core activities</i>	32 681.41	76 335,98
<i>b) General and administrative expenses</i>	-121 624.15	-107 436,62
<i>c) Bank interest</i>	0.00	0,00
<i>d) Rounding</i>	-0.29	0,00
<i>f) Default interest</i>	-7 792.73	-1 527,29
<i>g) Return of court fees</i>	200.00	2 514,00
<i>h) Foreign exchange losses</i>	-25.83	-8 851,33
Net income from unpaid statutory public benefit activities	-96 561.59	-38 965,26
<i>Net income from paid statutory public benefit activities</i>	-3 058.17	0,00
<i>including:</i>		
<i>a) Net income from core activities</i>	-787.99	0,00
<i>b) General and administrative expenses</i>	-1 487.80	0,00
<i>c) Foreign exchange losses</i>	-782.38	0,00
Net income from paid statutory public benefit activities	-3 058.17	0,00
<i>Net income from economic activities</i>	-45 212.63	17 211,23
<i>including:</i>		
<i>a) Net income from core activities</i>	-37 517.04	28 784,36
<i>b) General and administrative expenses</i>	-7 196.14	-9 408,40
<i>c) Loans' interests</i>	-154.27	-2 164,52
<i>d) Other operating income</i>	-345.18	-0,21
Net income from unpaid statutory public benefit activities	-45 212.63	17 211,23

Gross financial result	-144 832.39	-21 754,03
Income tax	39.00	0,00
Net financial result	-144 871.39	-21 754,03

21/ Deferred income

NOTE 11

	31 December 2016 Amount in PLN	31 December 2017 Amount in PLN
Deferred income		
– grants awarded and due in the next period	26 681.70	0,00
– grants awarded and not expended until 31.12	86 938.98	18 523.18
Total deferred income	113 620.68	18 523.18

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 12

Income from statutory and economic activities

	2016 Amount in PLN	2017 Amount in PLN
a) Income from unpaid public benefit activities	1 062 222.63	674 587.50
– Membership gross fees specified in the Statute	9 010.00	9 677.00
– Donations of 1% of income tax	147 946.96	211 231.08
– Grants / subsidies	821 004.88	323 301.89
– Donations	84 035.79	130 268.80
• Donations from natural persons	77 874.63	122 346.73
• Donations from legal persons	6 161.16	7 356.18
• Donations in-kind	2 000.00	565.89
– Public collections	225.00	108.73
b) Income from paid public benefit activities	20 758.60	0.00
c) Income from economic activities	45 331.03	90 378.24
– Selling goods	3 692.85	11 272.30
– Selling services	41 638.18	79 105.94
Total income from statutory activities	1 128 312.26	764 965.74

NOTE 13**Total other income and gains**

	2016	2017
	Amount in PLN	Amount in PLN
a) Other operating income	206.15	2 514.00
- Surplus of goods	6.15	0.00
- Return of court fees	200.00	2 514.00
- Other income – reimbursement from the Tax Office for a cash register	0.00	0.00
b) Finance income	0.00	0.00
- Bank interest	0.00	0.00
- Foreign exchange gains	0.00	0.00
3) Extraordinary gains	0.00	0.00
Total other income and gains	206.15	2 514.00

NOTE 14**Information on the structure of costs by nature**

	2016	2017
	Amount in PLN	Amount in PLN
<i>Consumption of materials and energy</i>	30 523.73	26 212.79
<i>Outsourced services</i>	447 026.52	237 431.99
<i>Taxes and charges</i>	14 542.50	24 436.35
<i>Salaries, social security and other benefits</i>	524 483.18	441 446.32
<i>Depreciation and amortisation</i>	4 794.25	1 697.31
<i>Other</i>	242 873.79	45 465.66
Total costs by nature:	1 264 243.97	776 690.42

Name of the donor, grantor or name of the activity	2017 payment; e.g. grants, subsidies, donations, contributions	Payments from previous years, not expended until 31.12.2016	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 2017	Costs 2017
Stefan Batory Foundation – contract no 23177 from 01.07.2016-31.12.2017	0.00	77 496.51	77 496.51	0.00	0.00	77 496.51	77 496.51
University of Warsaw - Contract no /IS-1/040/NCBR/2014 signed on 20.03.2014 in accordance with the partnership agreement signed on 27.03.2013	23 881.70	0.00	23 881.70	0.00	0.00	23 881.70	23 881.70
TRUST for Civil Society contract 3/2013	0.00	9 442.47	9 442.47	0.00	0.00	9 442.47	9 442.47
H. Boell Foundation – contract signed on 15.06.2016 (IZP00154)	2 800.00	0.00	2 800.00	0.00	0.00	2 800.00	2 800.00
1% taxpayers designation	211 231.08	0.00	172 192.48	0.00	0.00	211 231.08	172 192.48
The Sigrid Rausing Trust contract signed on 23.05.2017	192 572.00	0.00	181 603.88	10 968.12	0.00	181 603.88	181 603.88

Transparency International Czech Republic - "Streaming VISEgrad values in Visegrad Countries"	9 856.04	0.00	10 216.72	0.00	0.00	9 856.04	10 216.72
Transparency International Czech Republic – „Rebel” experience of exchange by Visegrad countries and Belarus V4	11 867.51	0.00	25 088.45	0.00	12 793.41	11 867.51	12 295.04
Acces Info Europe – decision making transparency	4 143.40	0.00	4 143.40	0.00	0.00	4 143.40	4 143.40
The Center for International Private Enterprise (CIPE)	8 627.00	0.00	1 071.94	7 555.06	0.00	1 071.94	1 071.94
Public collection 2016	0.00	0.00	225.00	0.00	0.00	0.00	225.00
Public collection 2017	108.73	0.00	108.73	0.00	0.00	108.73	108.73
Dontions and own incomes	141 084.24	0.00	210 210.27	0.00	0.00	141 084.24	210 210.27
Total	606 171.70	86 938.98	718 481.55	18 523.18	12 793.41	674 587.50	705 688.14

* Costs consist of "General and administrative expenses" in the amount of PLN 107 436.62 PLN and costs of unpaid statutory activity in the amount of PLN 598 251.52 PLN. total costs PLN 705 688.14 PLN.

NOTE 15

	2016	2017
	Amount in PLN	Amount in PLN
a) Reversal of provisions (due to)	0.00	0.00
b) Other. including:	351.62	0.21
– Wasted goods	350.70	0.00
– Other – rounding	0.92	0.21
Total other expenses	351.62	0.21

NOTE 16

	2 016	2 017
	Amount in PLN	Amount in PLN
Finance costs relating to interest	7 946.64	1 852.35
a) on loans	7 946.15	1 850.88
b) other interest	0.49	1.47
Other finance costs	808.57	10 690.79
a) foreign exchange losses. including	808.57	10 690.79
– Realized	689.68	10 563.63
– Unrealized	118.89	127.16
b) Recognition of provisions (due to)	0.00	0.00
c) Other. including	0.00	0.00
Total finance costs	8 755.21	12 543.14

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 01.01.2017 to 31.12.2017 shows accounting loss of PLN 21,754.03.

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 31.12.2017: PLN 18,523.18.
- Adjustment of income by 2016 tranches expended in 2017: – PLN 86,938.98.
- Adjustment of income – unpaid services of Google AD Grants: PLN 402,991.61.
- Paid 2016 salaries in the amount of PLN 1,367.22.
- Unpaid salaries as at 31.12.2017 in the amount of: - PLN 3,760.00.
- Membership Fees: - PLN 400.00.

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 2017. 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	PLN 819.81	-
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: - 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 2017
White-collar workers	7.83
Blue-collar workers	0
People employed abroad	0
Students	0
People on parental leaves or unpaid leaves	0.42
Total	8.25

At the end of 2017, the Association employed 9 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 paid remuneration for programme work to the following members of the Management Board:

- Szymon Osowski – Director for Litigation, gross salary PLN 40,440.49
- Katarzyna Batko-Tołuć – Programme Director, gross salary PLN 30,782.61 and civil law contracts for PLN 12,340.00 gross.
- Bartosz Wilk - Legal Expert, gross salary PLN 5,960.15 and civil law contracts for PLN 21,975.00 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 29.03.2018 r.

Anna Pyrz-Rogosińska

.....

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

Date of authorisation for issue:
Approved by the Management Board

.....

Szymon Osowski

Bartosz Wilk

Katarzyna Batko-Tołuć

President of the Board

Member of the Board

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)