

Financial statement
Citizens Network Watchdog Poland
(Sieć Obywatelska Watchdog Polska Association)
prepared as of 31/12/2018

I. INTRODUCTION TO THE FINANCIAL STATEMENT

1. Addressee of the statement: KRS (National Court Register Number): 0000181348

2. Full name: SIEĆ OBYWATELSKA WATCHDOG POLSKA

3. Registered office:

Province: Mazovia

County: Capital City Warszawa

Commune: Mokotów, City/town: Warszawa

4. Address:

Province: Mazovia

County: Capital City Warszawa, Commune: Mokotów

Street: Ursynowska 22/2, postal code: 02-605

City/town: Warszawa, post office: Warszawa, country code: PL

5. Period covered by the financial statement and date of preparation

From 1/1/2018 to 31/12/2018

Date of preparation: 30/3/2019

6. Czas trwania działalności jednostki:

Czas trwania działalności jednostki nie jest ograniczony.

7. Going-concern basis:

This financial statement has been prepared on a going-concern basis.

8. Adopted accounting principles (policies) to the extent left to the discretion of the Watchdog Poland by the Act:

Watchdog Poland engaged Taxus Anna Pyrz-Rogozińska to keep its account books for the financial year of 2018.

The account books of Watchdog Poland are kept by means of computer techniques, using the RAKS SQL accounting software.

The accounting principles adopted by Watchdog Poland have been used continuously, and they are consistent with the accounting principles used in the preceding financial year.

In order to accurately and transparently present the property, financial situation and financial result of the Watchdog Poland, amounts shall be deemed relevant if they exceed 1% of the balance sheet total for the preceding reporting period in the case of balance sheet amounts or if they exceed 5% of the gross financial result in the case of resulting amounts.

Dedicated financial and accounting documentation and accounting records are kept, in such a way as to enable identification of the individual accounting operations. In order to fulfil this requirement, all operations are recorded in dedicated analytical accounts – this refers both to costs and revenues. Every project has a dedicated account with analytics matching the level of required budget control, and every type of business activity is recognised separately.

Watchdog Poland does not create provisions for unused holiday leave.

In accordance with Article 37(10) of the Accounting Act, Watchdog Poland does not recognise deferred income tax assets and provisions.

9. Methods for measuring assets and liabilities (including depreciation and amortisation methods)

The individual assets and liabilities are measured based on the prices actually paid for their acquisition or the costs required to manufacture them, in line with the prudence principle.

Fixed assets are measured at the acquisition price or manufacturing cost minus depreciation. Fixed assets are depreciated throughout their economic useful life. In order to determine the rates, Watchdog Poland uses the rates defined in the annex to the Corporate Income Tax Act. Depreciation starts in the month following the receipt of the fixed asset for use. Fixed assets worth PLN 3,500.00 or more are depreciated using the straight-line method. Fixed assets worth less than PLN 3,500.00 are regarded as purchase of materials. Intangible assets are recognised in the statement in accordance with the same principles as fixed assets.

Amounts receivable are recognised at the amount due, observing the prudence principle. Impairment of amounts receivable is recognised based on the degree of probability of their payment, in other operating expenses or financial expenses – depending on the type of amount receivable to which the impairment refers.

Liabilities are recognised in the account books at the amount required to be paid.

Amounts receivable and liabilities given in foreign currencies are recognised as of the date on which they are incurred, according to the average exchange rate of the National Bank of Poland (NBP) announced for the particular currency on the day preceding the indicated date.

As of the balance sheet date, the following exchange rates from the table of average exchange rates of NBP have been used – Table No. 252/A/NBP/2018 of 31/12/2018; GBP 1 = PLN 4.7895; USD 1 = PLN 3.7597

Cash at bank and in hand is measured at the nominal value.

Share capital and other assets and liabilities are measured at the nominal value.

10. Rules for determining the financial result and method of preparing the financial statement:

The financial statement has been prepared in accordance with the Accounting Act of 29 September 1994 (consolidated text, Journal of Laws of 2018, item 395, as amended).

Watchdog Poland has prepared the balance sheet, profit and loss account, introduction to the financial statement and supplementary information in a form consistent with annex No. 6 to the above-mentioned Accounting Act.

Watchdog Poland prepares the profit and loss account by function of expense.

The account books of the undertaking include all received revenues or revenues attributable to the undertaking and all incurred expenses related to these revenues that concern the particular financial year, regardless of the date of their payment, in accordance with the principle of accrual accounting and matching principle.

The net financial result of Watchdog Poland consists of the following:

- a) result from statutory activities
- b) result from business activities
- c) result from operating activities

The result from statutory activities is determined as the difference between the revenues from current statutory activities (grants, donations, 1% tax payments, membership contributions) and the costs of such activities.

The account books of the undertaking include all received revenues or revenues attributable to the undertaking and all incurred expenses related to these revenues that concern the particular financial year, regardless of the date of their payment, in accordance with the principle of accrual accounting and matching principle.

Costs of statutory activities include the costs of programmes whose objectives are related to the statutory objectives of the undertaking. General and administrative costs include expenses that have not been classified as statutory costs or costs of business activities.

The result from operating activities is determined based on the result from statutory activities and the result from business activities minus general and administrative costs.

BALANCE SHEET

prepared as of 31 December 2018

		<i>calculation unit:</i>	
		PLN	PLN
Item		Balance as of	
		31/12/2017	31/12/2018
ASSETS			
A.	FIXED ASSETS	6,718.80	292,170.00
I.	Intangible assets	0.00	0.00
II.	Tangible assets	0.00	0.00
III.	Long-term amounts receivable	6,718.80	292,170.00
IV.	Long-term investments	0.00	0.00
V.	Long-term prepayments	0.00	0.00
B.	CURRENT ASSETS	51,314.26	739,466.51
I.	Inventories	18,946.51	16,333.25
II.	Short-term amounts receivable	16,245.34	455,734.38
III.	Short-term investments	2,448.22	266,591.16
IV.	Short-term prepayments	13,674.19	807.72
Total assets		58,033.06	1,031,636.51
LIABILITIES			
A.	EQUITY	-154,813.06	-79,016.10
I.	Share capital	0.00	0.00
II.	Other capital	0.00	0.00
III.	Retained earnings (losses)	-133,059.03	-154,813.06
IV.	Net profit (loss)	-21,754.03	75,796.96
B.	LIABILITIES AND PROVISIONS FOR LIABILITIES	212,846.12	1,110,652.61
I.	Provisions for liabilities	0.00	0.00
II.	Long-term liabilities	46,500.00	28,500.00
III.	Short-term liabilities	147,822.94	71,992.82
IV.	Accruals	18,523.18	1,010,159.79
Total liabilities		58,033.06	1,031,636.51

PROFIT AND LOSS ACCOUNT

prepared as of 31 December 2018

		<i>calculation unit:</i>	
		PLN	PLN
Item		Period	
		from 1/1/2017 until 31/12/2017	from 1/1/2018 until 31/12/2018
A.	Revenues from statutory activities	674,587.50	961,074.22
I.	Revenues from unpaid public benefit activities	674,587.50	961,074.22
II.	Revenues from paid public benefit activities	0.00	0.00
III.	Revenues from other statutory activities	0.00	0.00
B.	Costs of statutory activities	598,251.52	745,184.17
I.	Costs of unpaid public benefit activities	598,251.52	745,184.17
II.	Costs of paid public benefit activities	0.00	0.00
III.	Costs of other statutory activities	0.00	0.00
C.	Profit (loss) from statutory activities (A-B)	76,335.98	215,890.05
D.	Revenues from business activities	90,378.24	71,240.42
E.	Costs of business activities	61,593.88	61,704.39
F.	Profit (loss) on business activities (D-E)	28,784.36	9,536.03
G.	General and administrative costs	116,845.02	148,360.69
H.	Profit (loss) on operating activities (C+F-G)	-11,724.68	77,065.39
I.	Other operating revenues	2,514.00	7,076.09
J.	Other operating expenses	0.21	90.73
K.	Financial revenues	0.00	120.00
L.	Financial expenses	12,543.14	8,373.79
M.	Gross profit (loss) (H+I-J+K-L)	-21,754.03	75,796.96
N.	Income tax	0.00	0.00
O.	Net profit (loss) (M-N)	-21,754.03	75,796.96

SUPPLEMENTARY INFORMATION

1. Information on any financial liabilities, including on account of debt instruments, guarantees and suretyships or contingent liabilities not shown in the balance sheet, indicating the nature and form of collateralised amounts payable;

As of 31/12/2018, Watchdog Poland does not have any financial liabilities on account of debt instruments.

The Association has issued the following blank promissory notes as collateral for amounts payable from loans:

- promissory note for loan agreement No. 48/PES/01/C/2016 (loan to finance the costs of the development of business activities);
- promissory note for loan agreement No. 41109 (loan for development of statutory activities).

2. Information about the amounts of advance payments and loans granted to members of managing, supervisory and/or administrative bodies, indicating the interest rates, main terms and conditions and any amounts repaid, written off or waived as well as liabilities incurred on their behalf in the form of guarantees or suretyships of any kind, indicating the total amount for each category;

There have been no such events.

3. Supplementary information about assets and liabilities

NOTE 1

Changes in the value of intangible assets

(by group)

Other intangible assets

PLN

a) gross amount of intangible assets at the beginning of the period	14,851.45
b) increases (as a result of)	0.00
– purchase	0.00
c) decreases (licence expiry)	0.00
d) gross amount of intangible assets at the end of the period	14,851.45
e) cumulative amortisation (depreciation) at the beginning of the period	14,851.45
f) increases (as a result of)	0.00
– scheduled amortisation charges	0.00
g) decreases for the period (licence return)	0.00
h) cumulative amortisation (depreciation) at the end of the period	14,851.45
i) net amount of intangible assets at the end of the period	0.00

NOTE 2

Changes in fixed assets (by group)

	Technical equipment and machinery	Total	Fully depreciated equipment	Total
	PLN	PLN	PLN	PLN
d) gross amount of fixed assets at the beginning of the period	15,969.76	15,969.76	20,181.12	36,150.88
b) increases (as a result of)	0.00	0.00	0.00	0.00
– acquisition of new assets	0.00	0.00	0.00	0.00
c) decreases (as a result of)	0.00	0.00	0.00	0.00
– liquidation	0.00	0.00	0.00	0.00
d) gross amount of fixed assets at the end of the period	15,969.76	15,969.76	20,181.12	36,150.88
e) cumulative amortisation (depreciation) at the beginning of the period	15,969.76	15,969.76	20,181.12	36,150.88
f) depreciation for the period (as a result of)	0.00	0.00	0.00	0.00
– scheduled depreciation charges	0.00	0.00	0.00	0.00
g) decreases for the period (as a result of)	0.00	0.00	0.00	0.00
– liquidation	0.00	0.00	0.00	0.00
h) cumulative amortisation (depreciation) at the end of the period	15,969.76	15,969.76	20,181.12	36,150.88
i) net amount of fixed assets at the end of the period	0.00	0.00	0.00	0.00

NOTE 3

Long-term amounts receivable

	31 December 2017 Amount in PLN	31 December 2018 Amount in PLN
a) from other undertakings	6,718.80	292,170.00
– other – return of deposits for the rented premises	6,718.80	4,800.00
– from awarded grants receivable in subsequent years	0.00	287,370.00
Total gross long-term receivables	6,718.80	292,170.00

NOTE 4

Inventories

	31 December 2017 Amount in PLN	31 December 2018 Amount 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	18,946.51	16,333.25
Total inventories	18,946.51	16,333.25

NOTE 5

Short-term amounts receivable

	31 December 2017 Amount in PLN	31 December 2018 Amount in PLN
From other undertakings:	16,245.34	455,734.38
a) trade receivables, maturing in:	13,730.54	4,065.87
– up to 12 months	13,730.54	4,065.87

b) other	2,514.80	451,668.51
– from awarded grants receivable in the following year	0.00	451,068.51
– from Lenders – return of overpaid interest without tax deduction	79.00	0.00
– from return of court charges	0.00	600.00
– from Employees – incorrect transfer	1,464.48	0.00
– receivables from the bank, complaints concerning overdue fees and lock-out	971.32	0.00
Total gross short-term receivables	16,245.34	455,734.38

NOTE 6

Short-term investments	31 December 2017	31 December 2018
	Amount in PLN	Amount in PLN
Cash in hand and at bank, including:		
in hand (PLN)	334.95	202.43
Current bank accounts	1,575.92	266,388.66
Bank deposit account	0.07	0.07
Cash in transit	537.28	0.00
Total short-term investments	2,448.22	266,591.16

NOTE 7

Short-term prepayments	31 December 2017	31 December 2018
	Amount in PLN	Amount in PLN
a) prepayments, including the following:	880.78	807.72
– paid property insurance	880.78	807.72
b) other prepayments, including the following:	12,793.41	0.00
– expenses incurred in relation to programmes implemented as part of statutory activities for which subsequent instalments of grants under the relevant contracts have not been received	12,793.41	0.00
Total short-term prepayments	13,674.19	807.72

NOTE 8

Liabilities	31 December 2017	31 December 2018
	Amount in PLN	Amount in PLN
a. Long-term liabilities	46,500.00	28,500.00
Bank and non-bank loans – long-term loans	46,500.00	28,500.00
b. Short-term liabilities	147,822.94	71,992.82
Bank and non-bank loans – short-term loans	119,997.46	41,601.75
Trade payables to other undertakings, maturing in:	9,120.36	4,141.74
– up to 12 months	9,120.36	4,141.74
Payments received on account	1,504.40	0.00
Taxes, customs duties, insurance and other levies	13,440.72	23,134.97
– taxes, customs duties, VAT	3,116.00	4,105.00
– social insurance	10,324.72	19,029.97

Salaries	3,760.00	3,070.61
– salaries	3,760.00	3,070.61
Other payments to employees	0.00	43.75
Other liabilities, total	194,322.94	100,492.82

NOTE 9

Deferred income	31 December 2017 Amount in PLN	31 December 2018 Amount in PLN
Deferred income		
– awarded grants receivable in the subsequent period	0.00	738,438.51
– awarded grants not spend by 31 December	18,523.18	271,721.28
Total deferred income	18,523.18	1,010,159.79

NOTE 10

Determination of financial result

	2017 Amount in PLN	2018 Amount in PLN
<i>Result on unpaid public benefit statutory activities, including the following:</i>		
a) result from operating activities	76,335.98	215,890.05
b) general and administrative costs	-107,436.62	-133,593.34
c) bank interest – other financial income	0.00	120.00
d) rounding gains	0.00	1.65
e) interest on loans and default interest	-1,527.29	-2,069.33
g) adjudged return of court charges	2,514.00	7,042.00
h) exchange losses/gains	-8,851.33	-3,696.49
Result on unpaid public benefit statutory activities	-38,965.26	83,694.54
<i>Result on paid public benefit statutory activities, including the following:</i>		
a) result from operating activities	0.00	0.00
b) general and administrative costs	0.00	0.00
c) exchange losses/gains	0.00	0.00
Result on paid public benefit statutory activities	0.00	0.00
<i>Result on business activities, including the following:</i>		
a) result from operating activities	28,784.36	9,536.03
b) general and administrative costs	-9,408.40	-14,767.35
c) interest on loans / exchange losses/gains	-2,164.52	-2,576.46
d) other operating revenues/costs	-0.21	-89.80
Result on business activities	17,211.23	-7,897.58
Gross financial result	-21,754.03	75,796.96
income tax	0.00	0.00
Net financial result	-21,754.03	75,796.96

4. information about the structure of generated income, indicating its sources

NOTE 11**Revenues from statutory activities and business activities**

	2017	2018
	Amount in PLN	Amount in PLN
a) Revenues from unpaid public benefit activities	674,587.50	961,074.22
– gross contributions defined in the statute	9,677.00	9,330.99
– 1% tax payments	211,231.08	359,693.08
– grants/co-financing	323,301.89	322,062.47
– donations	130,268.80	269,934.68
• donations from natural persons	122,346.73	148,007.57
• donations from legal persons	7,356.18	116,883.16
• donations in kind	565.89	5,043.95
– public collections	108.73	53.00
b) Revenues from paid public benefit activities	0.00	0.00
c) Revenues from business activities	90,378.24	71,240.42
– sale of goods	11,272.30	6,885.90
– sale of services	79,105.94	64,354.52
Total revenues from activities	764,965.74	1,032,314.64

NOTE 12**Other operating and financial revenues**

	2017	2018
	Amount in PLN	Amount in PLN
a) Other operating revenues	2,514.00	7,076.09
– warehouse stock surplus	0.00	0.00
– adjudged return of court charges	2,514.00	7,042.00
– rounding gains	0.00	34.09
b) Financial revenues	0.00	120.00
– bank interest	0.00	0.00
– dividend	0.00	120.00
c) Extraordinary gains	0.00	0.00
Other revenues and profits, total	2,514.00	7,196.09

5. information on the structure of costs incurred

NOTE 13**Information on the structure of sundry costs**

	2017	2018
	Amount in PLN	Amount in PLN
<i>consumption of materials and energy</i>	26,212.79	38,640.05
<i>external services</i>	232,431.99	253,847.42
<i>taxes and fees</i>	24,436.35	13,150.30
<i>Salaries, social insurance and other benefits</i>	446,446.32	596,971.24
<i>amortisation and depreciation</i>	1,697.31	0.00
<i>Other</i>	45,465.66	52,640.24
Total sundry costs:	776,690.42	955,249.25

NOTE 14

Name of the donor or funder or name of the initiative	Proceeds in 2018, e.g.: grants, co-financing, donations, other payments	Payments from previous years, not spent by 31/12/2017 (*)	Funds spent on programmes	Funds left to spend in subsequent years (only restricted donations and grants are accounted for)	Revenue in 2018	Cost in 2018	Planned instalments of co-financing for subsequent periods
Fundacja im. Stefana Batorego – Project as per application No. i2018A/0138/23610	80,000.00	0.00	46,198.09	33,801.91	46,198.09	46,198.09	69,800.00
Sigrid Rausing Trust – 3-year contract, 2018-2020	291,492.00	0.00	127,409.84	164,082.16	127,409.84	127,409.84	574,740.00
Sigrid Rausing Trust, contract of 23/5/2017	0.00	10,968.12	10,968.12	0.00	10,968.12	10,968.12	0.00
Open Society Initiative for Europe – grant number: OR2018-43422	87,909.50	0.00	63,476.99	24,432.51	63,476.99	63,476.99	93,898.51
1% payments	359,693.08	0.00	302,556.21	0.00	359,693.08	302,556.21	0.00
Public collection 2018/2960/OR	53.00	0.00	53.00	0.00	53.00	53.00	0.00
The Center for International Private Enterprise (CIPE)	27,189.39	7,555.06	37,978.52	0.00	34,744.45	37,978.52	0.00
Transparency International Czech Republic – project: “Improving the instruments of direct democracy in Belarus through transfer of good practice from V4 countries”	19,552.58	0.00	20,012.91	0.00	19,552.58	20,012.91	0.00
MAGOVOX Sp. z o.o. – donation with a goal	150,000.00	0.00	100,595.30	49,404.70	100,595.30	100,595.30	0.00
FREEDOM HOUSE – donation	19,712.40	0.00	19,478.90	0.00	19,712.40	19,478.90	0.00
Initiatives financed with own funds, membership contributions and donations	178,670.37	0.00	150,049.63	0.00	178,670.37	150,049.63	0.00
Summary	1,214,272.32	18,523.18	878,777.51	271,721.28	961,074.22	878,777.51	738,438.51

* the costs include “General and administrative costs” amounting to PLN 133,593.34

NOTE 15**2017****2018**

Other costs	Amount in PLN	Amount in PLN
a) released provisions	0.00	0.00
b) other, including the following:	0.21	90.73
– damaged goods	0.00	89.80
– other – rounding gains	0.21	0.93
Other costs, total	0.21	90.73

NOTE 16

	2017	2018
Financial expenses	Amount in PLN	Amount in PLN
Financial costs of interest	1,852.35	8,373.79
a) bank and non-bank loans	1,850.88	2,308.30
b) other interest	1.47	0.92
c) exchange losses, including the following:	10,690.79	6,064.57
– realised	10,563.63	6,032.44
– unrealised	127.16	32.13
Financial costs, total	12,543.14	8,373.79

6. information on the sources of increase of the statutory fund and its usage

The statutory fund as of 31/12/2018 amounts to PLN 0.00, and it has not changed in any way in the financial year of 2018.

7. If the undertaking has the status of a public benefit organisation, then in the supplementary information it should provide details of revenues obtained and costs incurred on account of 1% of personal income tax and the method of using the funds from 1% of personal income tax

In 2018, Watchdog Poland received PLN 359,693.08 from payments of 1% of personal income tax, of which it spent PLN 302,556.21. The funds were spent on: legal assistance, court representation costs, court charges, organisation of meetings and training, IT services – digital protection of the Association’s e-mail server and backup copies – and service of access to a legal website. PLN 64,174.15 was spent on general and administrative costs (including rent for the premises, maintenance fees, accounting services, Internet). The loan for the development of statutory activities amounting to PLN 92,000.00 has been repaid.

8. other information

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 citizen control;
- 3) to provide technical and financial support to individuals and organisations in connection with citizen 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) Organising 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 organisations 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 authorised 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 2018, the Association did not carry out any paid statutory activities.

In 2018, the Association conducted business activities only to the extent necessary to achieve the statutory objectives. In 2018, the Association conducted the following business activities:

- Retail sales via mail order houses or the Internet (47.91.Z)
- Other forms of extracurricular education (85.59.B)
- Development of websites and provision of related services (63.11.Z, 62.01.Z, 63.12.Z)
- Activities related to the organisation of fairs, exhibitions and congresses (82.30.Z)
- Research and development in social sciences and humanities (72.20.Z)

All income from the business activities is spent on unpaid statutory public benefit activities.