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**CITIZENS' ASSOCIATION**  
**NEŠTO VIŠE**

Financial statements for the year ended  
December 31, 2023,  
with the independent auditor's report

**Sarajevo, April, 2024**

Citizens' Association "Nešto Više"  
Financial statements for the year ended on December 31, 2023.

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**Citizens' Association „NEŠTO VIŠE“**  
**Trg Sabora Bosanskog 36**  
**S A R A J E V O**  
**Date: 30.04.2024.**

Subject: Management statement on responsibility

This statement was made in connection with the audit of the financial statements of the **Citizens' Association "NEŠTO VIŠE" Sarajevo** for the year that ended on **31 December 2023** for the purpose of expressing an opinion on whether the financial statements provide a true and fair overview of the financial position of the **Citizens' Association "NEŠTO VIŠE" Sarajevo** and the results of work for the year that ended on the mentioned date, in accordance with International Accounting Standards and International Financial Reporting Standards.

We accept our full responsibility for the fair presentation of financial statements in accordance with International Accounting Standards and International Financial Reporting Standards.

We confirm to the best of our knowledge and belief, the following statements:

- There were no irregularities involving management or employees who have a significant role in the accounting system and the system of internal controls or those that could have a significant effect on the financial statements.
- We confirm the completeness of the provided information related to the identification of related parties.
- The financial statements do not have any material misstatements, including omissions.

We have no plans or intentions to change the book value or classification of assets and liabilities reflected in the financial statements.

The association has satisfactory ownership rights to all assets and no rights of asset seizure until debt repayment, nor rights of retention of company property.

We have recorded or disclosed, as appropriate, all liabilities, actual and potential.

Director:

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Citizens' Association "Nešto Više"  
Independent auditor's report

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(All amounts are in BAM, unless otherwise specified)

*To the Management of the Association of Citizens "NEŠTO VIŠE"*

*Audit result*

Based on the review and audit analyses, it has been determined that the **financial statements are accepted** and that the financial statements, in all material respects, present fairly and objectively the financial position of the **Citizens' Association "NEŠTO VIŠE"** (the Association) as of December 31, 2023, as well as the results of operations for the year ended on that date, in accordance with the Law on Accounting and Auditing of the Federation of Bosnia and Herzegovina.

**Subject of revision**

The financial reports of the Association include:

- report on the financial position as of December 31, 2023;
- statement of profit or loss for the year ended on that day;
- notes to the financial statements, which include significant accounting policies.

**Basis for opinion**

We conducted our audit in accordance with International Auditing Standards (IAS). Our responsibilities in accordance with those standards are described in more detail in the section *Auditor's Responsibilities for the Audit of Financial Statements*.

**Key audit matters**

Key audit matters are those matters, which were, in our professional judgment, of the greatest importance for the audit of the financial statements of the current period. We dealt with those matters in the context of our audit of the financial statements as a whole and in forming our opinion on them, and we do not provide a separate opinion on those matters.

**Independence**

We are independent of the Institution in accordance with the Code of Ethical Conduct for Professional Accountants issued by the International Standards Board for Accountants ("IESBA Code"), as well as the ethical requirements of the Law on Accounting and Auditing of the Federation of Bosnia and Herzegovina, which are relevant to our audit of financial statements in the Federation of Bosnia and Herzegovina. We also fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Law on Accounting and Auditing in the Federation of Bosnia and Herzegovina.

(All amounts are in BAM, unless otherwise specified)

## **Responsibilities of the Management and those in charge of supervision for financial statements**

The Management of the Association is responsible for the preparation of financial statements that provide a true and fair presentation in accordance with the Law on Accounting and Auditing in the Federation of Bosnia and Herzegovina, as well as for those internal controls that the Management determines are necessary for the preparation of financial statements that do not contain material misstatement occurred due to fraud or error.

In preparing the financial statements, the Management Board of the Association is responsible for assessing the ability of the Institution to continue as a going concern, disclosing circumstances related to the going concern assumption, if applicable, and using the going concern basis of accounting, unless the Management intends to liquidate the Association or ceases operations, or has no realistic alternative but to do so.

Those charged of supervision are responsible for overseeing the Association's financial reporting process.

## **Responsibilities of auditors for auditing financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, occurred due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit performed in accordance with IAS will always detect a material misstatement, if any. Misstatements may arise from fraud or error and are considered material, individually or in the aggregate, if they could reasonably be expected to affect the economic decisions of users made on the basis of these financial statements.

As an integral part of an audit in accordance with IAS, we make professional judgments and maintain professional skepticism during the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, occurred due to fraud or error, create and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and adequate to provide a basis for an opinion. The risk of not detecting a material misstatement due to fraud is greater than the risk of not detecting a material misstatement due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation or circumvention of internal control systems.
- Gain an understanding of the internal controls relevant to the audit in order to create audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control system.
- Assess the adequacy of applied accounting policies and the justification of accounting estimates and disclosures made by the Management.

Citizens' Association "Nešto Više"  
Independent auditor's report

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(All amounts are in BAM, unless otherwise specified)

We make a conclusion on the adequacy of the application of the concept of going concern as an accounting basis by the Management, and based on the obtained audit evidence, we make a conclusion on whether there is significant uncertainty regarding the event, i.e. the situation that can raise significant doubts about the ability of the Association to continue with time-limited business. If we conclude that there is a high degree of uncertainty, we are obliged to draw attention in our audit report to appropriate disclosures in the financial statements, that is, to modify our opinion in case of inadequate disclosures. We draw conclusions based on audit evidence obtained up to the date of our audit report. However, future events, that is, conditions may lead to the Company ceasing time-limited operations.

- We evaluate the overall presentation, structure and content of the Association's financial statements, including the disclosure of whether the financial statements present transactions and events in a manner that provides a realistic and objective presentation.

Among other things, we communicate with those charged of supervision of the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the system of internal controls identified during our audit.

Auditing Agency "Euro - biro" d.o.o.  
Sarajevo, Bosnia and Herzegovina  
Director:

Authorized auditor: Alen Hadžić

Sarajevo, April 2024

## CITIZENS' ASSOCIATION "NEŠTO VIŠE"

## Balance sheet

(All amounts are in BAM, unless otherwise specified)

| Number    | Item   | AOP        | from 01.01.<br>until<br>31.12.2023. | from 01.01.<br>until<br>31.12.2022. |
|-----------|--|------------|-------------------------------------|-------------------------------------|
|           | <b>INCOMES</b>   |            |                                     |                                     |
| 1.        | Membership fees  | 101        | 0                                   | 0                                   |
| 2.        | Income from the Budget                                       | 102        | 0                                   | 21.540                              |
| 3.        | Humanitarian income  | 103        | 1.014.408                           | 900.923                             |
| 4.        | Income from own activities                                   | 104        | 5.719                               | 24.167                              |
| 5.        | Financial income   | 105        | 0                                   | 0                                   |
| 6.        | Other income   | 106        | 1.171                               | 0                                   |
| <b>A.</b> | <b>Total income</b>  | <b>107</b> | <b>1.021.298</b>                    | <b>946.630</b>                      |
|           | <b>EXPENSES</b>  |            |                                     |                                     |
| 1.        | Materials, energy and fuel                                   | 108        | 75.156                              | 66.980                              |
| 2.        | Wages and salaries   | 109        | 304.449                             | 287.568                             |
| 3.        | Depreciation   | 110        | 14.084                              | 11.687                              |
| 4.        | Expenses of received services                                | 111        | 268.515                             | 247.440                             |
| 5.        | Humanitarian expenses  | 112        | 314.638                             | 256.707                             |
| 6.        | Financial expenses   | 113        | 393                                 | 0                                   |
| 7.        | Other expenses   | 114        | 23.488                              | 32.035                              |
| <b>B.</b> | <b>Total expenses</b>  | <b>115</b> | <b>1.000.723</b>                    | <b>902.417</b>                      |
| <b>C.</b> | <b>Surplus of income over expense</b>                        | <b>116</b> | <b>20.575</b>                       | <b>44.213</b>                       |
| <b>D.</b> | <b>Surplus of expense over income</b>                        | <b>117</b> | <b>0</b>                            | <b>0</b>                            |
|           | <b>OTHER INCOME AND EXPENSES</b>                             |            |                                     |                                     |
| 1.        | Effects of changes in the fair value of non-financial assets | 118        | 0                                   | 0                                   |
| 2.        | Effects of changes in the fair value of financial assets     | 119        | 0                                   | 0                                   |
| 3.        | Other  | 120        | 0                                   | 0                                   |
| <b>E.</b> | <b>Total Other Income and Expenses</b>                       | <b>121</b> | <b>0</b>                            | <b>0</b>                            |
| <b>F.</b> | <b>Total surplus of income over expenses</b>                 | <b>122</b> | <b>20.575</b>                       | <b>44.213</b>                       |
| <b>G.</b> | <b>Total surplus of expenses over income</b>                 | <b>123</b> | <b>0</b>                            | <b>0</b>                            |

**CITIZENS' ASSOCIATION "NEŠTO VIŠE"**

**Income statement**

(All amounts are in BAM, unless otherwise specified)

| <b>Number</b> | <b>Item</b>  | <b>AOP</b> | <b>Current year</b> | <b>Previous year</b> |
|---------------|--|------------|---------------------|----------------------|
|               | <b>ASSETS</b>  |            |                     |                      |
| <b>A.</b>     | <b>FIXED ASSETS</b>                                    | <b>001</b> | <b>218.354</b>      | <b>209.950</b>       |
| 1.            | Property, plant and equipment                          | 002        | 216.043             | 207.195              |
| 2.            | Assets with the right of use                           | 003        | 0                   | 0                    |
| 3.            | Investing in investment properties                     | 004        | 872                 | 0                    |
| 4.            | Intangible assets                                      | 005        | 0                   | 0                    |
| 5.            | Biological assets                                      | 006        | 439                 | 1.255                |
| 6.            | Financial assets and investments                       | 007        | 1.000               | 1.500                |
| 7.            | Other assets and receivables, including accruals       | 008        | 0                   | 0                    |
| <b>B.</b>     | <b>CURRENT ASSETS</b>                                  | <b>009</b> | <b>235.019</b>      | <b>324.724</b>       |
| 1.            | Reserves   | 010        | 0                   | 0                    |
| 2.            | Fixed assets intended for sale                         | 011        | 0                   | 0                    |
| 3.            | Financial assets                                       | 012        | 19.126              | 3.482                |
| 4.            | Money and equivalents                                  | 013        | 214.945             | 318.970              |
| 5.            | Receivables for paid VAT                               | 014        | 35                  | 23                   |
| 6.            | Other assets and receivables, including accruals       | 015        | 913                 | 2.249                |
| <b>C.</b>     | <b>TOTAL ASSETS</b>                                    | <b>016</b> | <b>453.373</b>      | <b>534.674</b>       |
|               | <b>EQUITY AND LIABILITIES</b>                          |            |                     |                      |
| <b>A.</b>     | <b>Long-term equities</b>                              | <b>017</b> | <b>62.417</b>       | <b>85.535</b>        |
| 1.            | Long-term equities                                     | 018        | 0                   | 0                    |
| 2.            | Reserves   | 019        | 0                   | 0                    |
| 3.            | Revaluation reserves                                   | 020        | 0                   | 0                    |
| 4.            | Non-allocated retained earnings                        | 021        | 62.417              | 85.535               |
| 5.            | Non-allocated excess expenditure                       | 022        | 0                   | 0                    |
| <b>B.</b>     | <b>LONG-TERM LIABILITIES</b>                           | <b>023</b> | <b>335.273</b>      | <b>447.821</b>       |
| 1.            | Financial liabilities                                  | 024        | 0                   | 0                    |
| 2.            | Deferred income  | 025        | 335.273             | 447.821              |
| 3.            | Other assets and liabilities, including accruals       | 026        | 0                   | 0                    |
| <b>C.</b>     | <b>SHORT-TERM LIABILITIES</b>                          | <b>027</b> | <b>55.683</b>       | <b>1.318</b>         |
| 1.            | Financial liabilities                                  | 028        | 55.683              | 1.318                |
| 2.            | Deferred income  | 029        | 0                   | 0                    |
| 3.            | VAT liabilities  | 030        | 0                   | 0                    |
| 4.            | Other liabilities, including reservations and accruals | 031        | 0                   | 0                    |
| <b>D.</b>     | <b>TOTAL EQUITY AND LIABILITIES</b>                    | <b>032</b> | <b>453.373</b>      | <b>534.674</b>       |



## Citizens' Association „NEŠTO VIŠE“

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General information about the Association  
(All amounts are in BAM, unless otherwise specified)

### General information about the Association

Pursuant to the Decision of the Ministry of Justice in Sarajevo number: RU-88/03 dated April 15, 2023 the Association was registered in the Register of Associations on the basis of Articles 8 and 33 of the Law on Associations and Foundations ("Official Gazette of BiH", no. 32/01, 42/03, 63/08 and 76/11) and Article 4. Paragraph 1 of the Rulebook on the manner of keeping the register of associations and foundations of Bosnia and Herzegovina and foreign and international associations and foundations and other non-profit organizations ("Official Gazette of BiH" no. 44/10 and 14/12).

Name of the association:

Citizens' Association "NEŠTO VIŠE" /Bosnian/

Citizens' Association "HEŠTO BIŠE" /Serbian/

Citizens' Association "NEŠTO VIŠE" /Croatian/

The seat of the Association at the time of registration was in Sarajevo, ul. Trg Sabora Bosanskog.

According to the aforementioned decision of the Ministry of Justice, the Association is represented by

- Aleksandar Bundalo – Executive Director of the Association,
- Duško Cvjetinović - Deputy Executive Director for Administrative Affairs of the Association,
- Vanja Sudar – Deputy Executive Director for Human Resources, i
- Adem Lisičić – Deputy Executive Director

### Registration with the Indirect Taxation Authority and the Tax Administration

At the Banja Luka Indirect Tax Administration, Citizens' Association "NEŠTO VIŠE" Sarajevo is registered as a VAT payer with VAT number: 201540980004.

Citizens' Association "NEŠTO VIŠE" Sarajevo is registered with the Tax Administration of the Federation of BiH Cantonal Office Sarajevo with identification number: 4201540980004.

### Basic activities

The association is classified according to the standard classification of activities under the code - 91.330 - Activities of other member organizations (new activity code of KD BiH 2010: 94.99).

### Administration

Aleksandar Bundalo,

Executive Director of the Association,

Adem Lisičić

Deputy Executive Director for representing the Association in legal transactions

General information about the Association  
(All amounts are in BAM, unless otherwise specified)

|                   |  |
|-------------------|--|
| Duško Cvjetinović | Deputy Executive Director for Administrative Affairs of the Association. |
| Vanja Sudar       | Deputy Executive Director for Human Resources                            |

**Related legal entities**

EkoDizajn d.o.o, whose founder is the Citizens' Association „NEŠTO VIŠE“, ownership share 100%

**Statement of compliance with IFRS and basis of presentation of financial statements**

**Statement of compliance with IFRS**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). IFRS is considered to be the IFRS published under Decision issued by the Association of Accountants, Auditors, and Financial Workers of the Federation of Bosnia and Herzegovina, based on the authorization of the Accounting and Auditing Commission of Bosnia and Herzegovina. These standards and interpretations are applied in the Federation of Bosnia and Herzegovina in the preparation of financial statements.

**Basics for preparing financial statements**

The Association keeps its accounting records and prepares accounting statements in accordance with the Law on Accounting and Auditing in the FBiH ("Official Gazette of the FBiH", number: 83/09) and the International Financial Reporting Standards (IFRS) applied in the FBiH, the Rulebook on the Accounting Framework, the content of the account and the application of the account framework, the Rulebook on accounting, accounting policies and financial operations and in accordance with other Regulations, Decisions and guidelines.

The financial statements were certified by Močević Dragana - certified accountant, license number: 7442/5.

The financial statements are presented in the currency of Bosnia and Herzegovina, Convertible Mark (KM). The convertible mark (KM) is fixed to the Euro (1 EUR = 1.95583 KM).

The financial statements have been prepared in accordance with the principle of going concern.

The financial statements are compiled according to the principle of historical cost. Historical cost is generally based on the fair value of the consideration given in exchange for the asset.

Citizens' Association "NEŠTO VIŠE"  
Summary of significant accounting policies

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(All amounts are in BAM, unless otherwise specified)

**Summary of significant accounting policies according to the IAS and the Law on Accounting and Auditing of the Federal Republic of Bosnia and Herzegovina**  
**Revenue recognition**

Revenues are recognized on an accrual basis at the fair value of the consideration received or receivable less the amounts of discounts, rebates and other discounts given to the customer and amounts collected on behalf of third parties.

Revenue from project financing based on donations, grants and subsidies is recognized when the transaction takes place and the inflow is realized.

Revenue from services is recognized when the service is rendered.

Finance income is income derived by the use of the entity's assets - Association's assets, on the basis of which interest, royalties or dividends are realized. Interest income is recognized on a time-proportion basis, royalties on an accrual basis and in accordance with the contract, and dividends when the Association's right to dividends is established.

**Recognition of expenses**

Expenses in the financial statements are recognized on the basis of comparison with the related income.

**Real estates, plants and equipment**

Real estates, plants and equipment are stated at the purchase value less accumulated depreciation and accumulated impairment loss, if any. Costs included in tangible fixed assets include their invoice price and all directly related costs for bringing the asset into working condition for use.

The calculation of depreciation begins at the moment when the asset is ready for its intended use. Depreciation is calculated using the straight-line method.

Depreciation is a tax-allowable expense if it is calculated based on the estimated useful life of the asset, as follows:

|                   | Lifetime:  |
|-------------------|------------|
| intangible assets | 5 years,   |
| computers         | 3-5 years, |
| inventory         | 5-7 years, |
| office equipment  | 5-8 years, |

**Inventories**

Inventories are valued in the balance sheet at the lower of the following two values - purchase value (cost price) or net realizable value.

The purchase value/cost price of the inventory includes all procurement costs, conversion (production) costs and other costs incurred in the process of bringing the inventory to its current location and condition.

Net realizable value of inventory is the estimated selling price of inventory in the ordinary course of business less costs of completion and estimated costs necessary to make the sale.

Citizens' Association "NEŠTO VIŠE"  
Summary of significant accounting policies

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(All amounts are in BAM, unless otherwise specified)

When inventories are sold, their book value is recognized as an expense in the period in which the related income is recognized. The amount of any write-down (value) of inventory to net realizable value and any eventual loss of inventory is recorded as an expense in the period when the write-off or loss occurred.

The amount of any eventual reversal of inventory write-downs, resulting from an increase in net realizable value, is recorded as a reduction in the amount of inventory recognized as an expense in the period in which the reversal occurred.

The purchase value of inventory is determined using the weighted average cost method. The Association uses the same method for all its stocks that are of a similar type or that are used in the Association for similar purposes.

### **Cash and cash equivalents**

Cash includes petty cash and demand deposits.

Cash equivalents represent short-term, highly liquid investments that are readily convertible to known amount of cash with insignificant risk of changes in value. Typically, the maturity of these investments does not exceed three months.

### **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset for the Association and financial liability or equity instrument for another legal entity. Financial instruments include, among other things, receivables from customers and other receivables, cash, other investments, loans and credits, as well as liabilities to suppliers and other financial obligations. A financial instrument is recognized if the Association becomes one of the contractual parties to which the contractual terms of the instrument apply. Financial instruments are valued in accordance with IAS applicable in FBiH.

### **Accruals**

Short-term accruals are recognized based on prepaid expenses, accrued income, accrued and unpaid expenses, and prepaid and deferred income.

Long-term accruals are recognized based on liabilities that can be expected to arise in future periods or in relation to which there may be some uncertainty, either in terms of their occurrence or in terms of their amount.

### **Financial expenses**

Interest expenses are recognized as current period expenses and are not capitalized.

### **Transactions in foreign currencies**

These transactions are expressed in convertible marks (KM) using the exchange rate valid on the day of the transaction.

Monetary assets and liabilities denominated in foreign currency as of the balance sheet date are converted to KM using the exchange rate valid on that day. The exchange rates of the Central Bank of Bosnia and Herzegovina are used.

Gains or losses from exchange rate differences, which arise during the settlement of those transactions as well as gains or losses arising from the conversion of monetary assets and liabilities denominated in foreign currencies at a rate different from the one at which they

Citizens' Association "NEŠTO VIŠE"  
Summary of significant accounting policies

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(All amounts are in BAM, unless otherwise specified)

were initially recognized or reported in previous financial statements, are recognized in the income statement for the period in which they arise.

### **Taxation**

The calculation of taxes and contributions is carried out in accordance with the legal regulations that apply in the Federation of Bosnia and Herzegovina for the year 2023.

### **Related parties**

Related party - a party is related to the Association if:

- (a) the party directly or indirectly through one or more intermediaries, the party:
  - (i) controls, is controlled by, or is under common control with the legal entity (this includes the parent companies and/or subsidiaries),
  - (ii) has an interest in a legal entity which enables it to exercise significant influence over the legal entity,
  - (iii) exercises joint control over the legal entity;
- (b) The party is an associate (as defined in IAS 28 Investments in Associates) of the entity
- (c) the party represents a joint venture in which the legal entity is a participant (see IAS 31 Interests in Joint Ventures);
- (d) the party is a member of the key management personnel of the legal entity or its parent company;
- (e) the party is an immediate family member of any individual referred to in (a) or (d);
- (f) The party is an entity that is controlled, jointly controlled, significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party represents a pension plan for the benefit of the employees of the legal entity or any other entity that represents a related party for it.

Management is aware of the legal obligation to prepare a transfer pricing study for all transactions between related parties. The study should determine whether the "arm's length" principle has been fully respected for all transactions between related parties.

In conclusion, the study should unequivocally determine whether there were any deviations from the standard market conditions of business, as well as information on whether data corrections should be made through the tax balance.

### **Significant accounting estimates and assumptions**

When applying the accounting policies described in Chapter 3, the Management makes decisions, estimates and assumptions that affect the amounts of assets and liabilities, which cannot be derived from other sources. Estimates and assumptions are based on previous and other relevant factors. Actual amounts may differ from estimates.

Citizens' Association "NEŠTO VIŠE"  
Summary of significant accounting policies

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(All amounts are in BAM, unless otherwise specified)

Estimates and assumptions are constantly being reviewed. Changes in accounting estimates are recognized in the period of change if they relate to that period, or in the period of change and future periods if they affect current and future periods.

### **Key sources of uncertainty assessment**

The following are the key assumptions related to financial statements

#### **Lifetime of the equipment**

As described in Chapter 3, Management reviews the estimated useful life of equipment at the end of each annual reporting period.

#### **Reserves**

As described, reserves are recognized if the Association currently has a legal or constructive obligation as a result of events from prior periods and if it is probable that it will have to settle the said obligation. The amount recognized as a reserve is the best estimate of the amount required to settle the liability at the balance sheet date, taking into account the risks of uncertainties associated with the liability.

### **Methodology, basic principles for conducting audit procedures and internal control**

The external-independent audit procedure was conducted in accordance with the methodology of the auditing firm "Euro-biro" d.o.o. Sarajevo. The audit was conducted in accordance with International Auditing Standards and in compliance with the Code of Ethics for Professional Accountants.

Pre-audit activities were carried out in coordination with the Service for Accounting and Liquidation through the procedures of drawing up the audit plan by segments, with engagement in the collection and presentation of accounting documentation and analysis of accounting records.

The work of the external auditor is focused on the Management Board of the Association, certified accountants and staff of the Association.

The work of internal control is partly based on a widely accepted model of the internal control system consisting of five components, namely:

- control environment,
- risk assessments,
- control activities,
- information and communication,
- monitoring.

Citizens' Association "NEŠTO VIŠE"  
Summary of significant accounting policies

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(All amounts are in BAM, unless otherwise specified)

Policies and procedures were established in order to strengthen internal audit and control and were shaped through a series of acts, regulations, decisions, instructions and guidelines. Of the General Acts (regulations and decisions), which should be subject to internal control, are:

- Statute of the Association,
- Rulebook on accounting,
- Rulebook on financial operations,
- Rulebook on treasury operations,
- Rules of Procedure,
- Rulebook on business conditions,
- Report on the Association's operations and project implementation,
- Rulebook on procurement of goods and services,
- Regulations on fire protection,
- Rulebook on business trips,
- Rulebook on conflict of interest,
- Systematization of jobs,
- Employment contracts,
- Classification of jobs and tasks of employees,
- Rulebook on fixed assets and the method of calculating depreciation,
- Decision on maximum of the petty cash.

Although the system of internal audit and control has been developed and is implemented through a series of control procedures, in order to preserve assets, the Auditor recommends updating regulations, decisions and other acts, as well as adopting other necessary policies in consultation with legal counsel and partners.

The association has opted to recognize assets at acquisition cost.

When conducting audit procedures through analysis, testing and assessment procedures, the auditor used accounting documentation and accounting records made available to him by the user of the services, namely:

- Journal,
- General ledger cards,
- Analytical cards of customers,
- Analytical cards of suppliers,
- Journal entry,
- Petty cash reports,
- Review of ledgers of incoming and outgoing invoices
- Input and output accounting documentation,
- Statements from commercial banks,
- List of fixed assets, receivables and liabilities,
- Minutes, decisions, conclusions and other official notes,
- Open item statement

Citizens' Association "NEŠTO VIŠE"  
Summary of significant accounting policies

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(All amounts are in BAM, unless otherwise specified)

The auditor communicated with the Administration and the accounting department electronically and had direct access to the accounting documentation, accounting records and acts of the Association.

The audit was conducted in accordance with the International Auditing Standards and in compliance with the Code of Professional Ethics of Accountants. Audit procedures require the Auditor to ensure that there are no material misstatements in the financial statements. The audit includes assessments based on testing and sampling, selecting procedures with evidence checks regarding amounts and their disclosure in the specified financial statements.

The financial statements for 2023 as the subject of the auditor's attention are:

- Income statement,
- Balance Sheet,
- Notes to the financial statements



Citizens' Association "NEŠTO VIŠE"  
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**Notes to the financial statements**

The acquisition of fixed assets is recorded in the business books at the historical cost of acquisition. The association can decide to recognize assets at the cost of acquisition. The association evaluates the useful lifetime of fixed assets and based on the determined useful lifetime of the same, depreciation rates are determined and impairment adjustments are calculated. The impairment adjustment of fixed assets is calculated in the accounting period in the amount of BAM 14.083,73.

The balance of fixed assets at purchase value is KM 356.036,87, the aliquot amount of value correction is BAM 137.682,55, so the balance of fixed assets at book value as of December 31, 2023 is BAM 218.354,32.

Cash and cash equivalents

|                                     | <b>31.12.2022.</b><br><b>BAM</b> | <b>31.12.2023.</b><br><b>BAM</b> |
|-------------------------------------|----------------------------------|----------------------------------|
| 1 Cash on transaction accounts      | 315.770,36                       | 214.945,49                       |
| 2 Cash in foreign currency accounts | 3.199,53                         | 0,05                             |
| 3 Petty Cash                        | 0,00                             | 0,00                             |
| <b>Total</b>                        | <b>318.969,89</b>                | <b>214.945,54</b>                |

**Funds in transaction accounts with a commercial bank**

The balance of funds on the transaction accounts are shown in the table below:

| Account | Item                 | Amount            |                   |
|---------|----------------------|-------------------|-------------------|
|         |                      | 31.12.2022.       | 31.12.2023.       |
| 10100   | TRN main account     | 25.884,65         | 37.324,47         |
| 10101   | TRN 3387202219829289 | 1.448,27          | 5.991,06          |
| 10102   | UniCredit NV Card    | 588,60            | 1.500,18          |
| 10103   | TRN 3386902268501091 | 86.578,32         | 66.156,97         |
| 10104   | TRN NLB              | 30.608,34         | 830,20            |
| 10106   | TRN 3387202219830938 | 14.046,80         | 1.224,31          |
| 10107   | TRN 3387202219832781 | 144.948,69        | 35.513,49         |
| 10114   | TRN 3387202245029598 | 11.646,69         | 0,60              |
| 10118   | TRN 3387202219834527 | 20,00             | 50.000,00         |
| 10119   | TRN 3387202222207132 | 0,00              | 10.143,51         |
|         | <b>Total:</b>        | <b>315.770,36</b> | <b>214.945,49</b> |

The association does business with NLB Bank as well as UniCredit Bank, with which it has opened one main transaction account and individual transaction accounts for individual projects. Transaction accounts for projects, after the projects are finished, are closed.

Balance of funds in transaction accounts with a commercial bank on 31.12.2023. are KM 214.945,49.

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**An inspection of the accounting documentation and accounting records, comparative indicators, and an inspection of the contracts for individual projects revealed that the funds are spent as intended.** No significant deviation was recorded in the execution of individual projects.

### Petty Cash

After reviewing the accounting documentation and records, it was determined that the balance of funds – petty cash is as follows:

| Account | Item            | Amount          |                 |
|---------|-----------------|-----------------|-----------------|
|         |                 | 31.12.2022.god. | 31.12.2023.god. |
| 10000   | Main petty cash | 0,00            | 0,00            |
|         | <b>Total:</b>   | <b>0,00</b>     | <b>0,00</b>     |

By inspecting the petty cash, it was determined that the balance of funds in the "main" cash register was BAM 0.00, and the balance of funds in the "special" cash register was also BAM 0.00.

Cash disbursements are made through the cash register for minor expenses (parking, purchase of office supplies, payment of small bills, entertainment expenses, payment of court and other fees, payment for taxi services, reimbursement of travel expenses, etc.).

### 3. Permanent sources

During the accounting period, the Association generated a surplus of income over expenses. Surplus of income over expenses from previous accounting periods is shown as undistributed surplus of income. The structure of permanent resources is as follows:

| Account | ITEM                                 | Amount            |                   |
|---------|--------------------------------------|-------------------|-------------------|
|         |                                      | 2022              | 2023              |
| 2000    | Permanent sources - capital          | 0,00              | 0,00              |
| 2010    | Reserves                             | 0,00              | 0,00              |
| 2020    | Non-allocated surplus of income      | 85.535,31         | 41.842,39         |
| 2030    | Non-allocated surplus of expenditure | 0,00              | 0,00              |
| 2810    | Deferred income                      | 447.820,72        | 335.273,32        |
|         | <b>Total :</b>                       | <b>533.356,03</b> | <b>377.115,71</b> |

The surplus of income over expenses remains reported in the business books as an uncovered surplus of income over expenses.

### Short term liabilities

Short-term liabilities are liabilities from the business of the accounting period that have not been settled as of December 31, 2023. The structure of short-term liabilities is as follows:

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| Account | Item   | Amount          |                  |
|---------|--|-----------------|------------------|
|         |  | 2022.           | 2023.            |
| 300     | Payables   | 1.318,18        | 1.197,19         |
| 301     | Liabilities for salaries and contributions                               | (8,63)          | 54.430,27        |
| 302     | Liabilities for Taxes  | (865,96)        | 55,70            |
| 309     | Other current liabilities  | 0               | 0                |
| 320     | Short-term financial liabilities   | 0               | 0                |
| 340     | VAT liabilities  | (12,42)         | 0                |
|         | <b>Total short-term liabilities</b>                                      | <b>431,17</b>   | <b>55.683,16</b> |
|         | <b>Total short-term Liabilities after Prepaid Subscriptions Reversal</b> | <b>1.318,18</b> | <b>55.683,16</b> |

4.1. Liabilities for salaries, salary benefits and contributions have the following structure:

| Account | Item   | Amount            |                   |                           |
|---------|--|-------------------|-------------------|---------------------------|
|         |  | Amount paid       | Amount calculated | Balance as of 31.12.2023. |
| 30100   | Liabilities for net salaries                     | 91.808,16         | 91.808,09         | (0,07)                    |
| 30101   | Liabilities for net salaries - RS                | 79.757,25         | 79.757,25         | 0,00                      |
| 30110   | Liabilities for a meal allowance                 | 13.251,99         | 13.251,99         | 0,00                      |
| 30120   | Liabilities for transportation                   | 5.162,00          | 5.162,00          | 0,00                      |
| 30130   | Liabilities for vacation allowance               | 0,00              | 0,00              | 0,00                      |
| 30131   | Liabilities for copyright contracts              | 3.600,10          | 3.600,10          | 0,00                      |
| 30132   | Liabilities for service contracts                | 38.489,37         | 38.488,68         | (0,69)                    |
| 30133   | Liabilities for contracts - non-residents        | 20.780,10         | 20.780,22         | 0,12                      |
| 30134   | Liabilities for travel expenses                  | 5.625,11          | 5.617,12          | (7,99)                    |
| 30136   | Liabilities for towards partners                 | 0,00              | 54.438,90         | 54.438,90                 |
|         | <b>Total liabilities to employees and others</b> | <b>258.474,08</b> | <b>312.904,35</b> | <b>54.430,27</b>          |

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Liabilities based on wages, salary benefits, contributions and other benefits based on wages, tax on wages and benefits based on calculated wages, were paid with the last accounting month, so the amount of stated liabilities is 0 KM. The outstanding obligations towards partners amount to KM 54,438.90.

Liabilities based on taxes and other duties have the following structure:

| Account | Item                                    | Amount      |              |
|---------|---|-------------|--------------|
|         |   | 2022.       | 2023.        |
| 302     | Liabilities for taxes and contributions | 0,00        | 55,57        |
|         | <b>Total liabilities</b>                | <b>0,00</b> | <b>55,57</b> |

The accrued liabilities for taxes and contributions for engaged employees and external collaborators amounted to KM 55.70 at the end of the accounting period.

The structure of other current liabilities is as follows:

| Account | Item  | Amount   |          |
|---------|---|----------|----------|
|         |   | 2022.    | 2023.    |
| 30970   | Liabilities based on the Solidar Fund       | 0        | 0        |
| 30990   | Liabilities based on the service contract   | 0        | 0        |
| 30991   | Liabilities based on copyright              | 0        | 0        |
| 30992   | Liabilities based on contracts - foreigners | 0        | 0        |
|         | <b>Total Liabilities</b>                    | <b>0</b> | <b>0</b> |

Short-term liabilities as of 12/31/2023 had a value of BAM 55.683,16.

### Revenues of the accounting period

The income of the accounting period has the following structure:

| Account | Item  | Amount 2023.        |
|---------|---|---------------------|
| 41100   | Income from the budget                              | 0                   |
| 41200   | Income from donations                               | 1.014.407,74        |
| 41701   | Interest income                                     | 16,58               |
| 41704   | Income from renting space                           | 5.551,28            |
| 41705   | Other income  | 151,01              |
| 41802   | Income from positive Income from exchange rate gain | 1.171,09            |
|         | <b>Total income</b>                                 | <b>1.021.297,70</b> |

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The income of the accounting period, as shown in the table above by individual projects, have a total value of KM 1,021,297.70 and have increased compared to the income of the previous accounting period by KM 74,691. Current donor agreements, as well as ongoing efforts to secure new ones, indicate income stability.

### Expenses of the accounting period

The Association had the following expenses and costs during the accounting period:

| Account | Item  | Amount<br>2023.     |
|---------|---|---------------------|
| 400     | Material and energy                                   | 75.156,05           |
| 401     | Services  | 268.514,62          |
| 402     | Salaries and other income of employees                | 304.448,51          |
| 403     | Depreciation  | 14.083,73           |
| 404     | Financial expenses - exchange rate difference         | 393,26              |
| 405     | Travel expenses                                       | 2.466,94            |
| 406     | Humanitarian expenses                                 | 314.638,27          |
| 407     | Taxes and contributions that do not depend on results | 674,19              |
| 408     | Other expenses  | 20.347,35           |
|         | <b>Total expenses of the accounting period</b>        | <b>1.000.722,92</b> |

By inspecting the accounting documentation and records, it was established that the expenses and costs of the accounting period are based on credible documentation and supported by appropriate decisions, acts and reports, as well as travel orders and calculations.

The analytical overview of the expenses of the accounting period is as follows:

| Account | Item  | Amount<br>2023. |
|---------|---|-----------------|
| 40000   | Energy spent  | 1.553,07        |
| 40001   | Office Supplies                                     | 2.815,94        |
| 40002   | Promotional material                                | 7.309,88        |
| 40004   | Costs of materials for hygiene                      | 380,25          |
| 40008   | Other materials by projects                         | 47.554,22       |
| 40110   | Material for transportation vehicles                | 34,00           |
| 40011   | Petty cash costs                                    | 15.508,69       |
| 40100   | Services for the creation and refinement of effects | 4.556,99        |
| 40102   | Graphics services                                   | 2.112,60        |
| 40103   | Cost of cat and dog food                            | 1.914,00        |

|       |   |            |
|-------|---|------------|
| 40110 | Transportation and related services             | 2.843,25   |
| 40120 | Current maintenance and protection services     | 507,65     |
| 40122 | Other maintenance services                      | 2.517,65   |
| 40123 | Fixed assets maintenance service                | 953,62     |
| 40124 | Official vehicle registration services          | 1.089,62   |
| 40125 | Comprehensive insurance services                | 671,51     |
| 40126 | Text translation services                       | 1.440,00   |
| 40130 | Postal services                                 | 84,10      |
| 40131 | Telephone services                              | 7.311,62   |
| 40132 | Express mail services                           | 100,20     |
| 40133 | Internet services                               | 1.888,21   |
| 40134 | Web hosting                                     | 269,10     |
| 40140 | Rents and common utilities                      | 6.820,00   |
| 40141 | Rent of conference halls and equipment-projects | 4.711,66   |
| 40142 | Car Rentals                                     | 22.039,50  |
| 40146 | Services for fiscal device maintenance          | 102,95     |
| 40147 | Parking rental                                  | 3,00       |
| 40152 | Advertising expenses                            | 100,00     |
| 40161 | The costs of the author's contract fees         | 4.732,07   |
| 40162 | The cost of fees for the work contract          | 45.106,10  |
| 40163 | Contract costs - non-residents                  | 23.296,78  |
| 40164 | Cost of travel allowances                       | 6.000,00   |
| 40180 | Expenditure for used gas                        | 1.890,00   |
| 40181 | Expenditure for used water                      | 2.096,11   |
| 40182 | Expenses for garbage collection                 | 580,80     |
| 40184 | Septic tank pumping services                    | 1.322,10   |
| 40185 | Services supplemented by ACC devices            | 249,45     |
| 40190 | Other external services                         | 80.951,00  |
| 40191 | Banking services                                | 1.236,18   |
| 40192 | Legal services                                  | 240,00     |
| 40195 | Bookkeeping and auditing costs                  | 37.722,18  |
| 40196 | Other banking services                          | 1.054,62   |
| 40200 | Gross salary costs                              | 160.673,39 |
| 40201 | Costs of gross salaries RS                      | 125.358,13 |
| 40210 | Meal allowance                                  | 13.251,99  |
| 40220 | Transportation fee                              | 5.162,00   |
| 40300 | Depreciation                                    | 14.083,73  |
| 40401 | Insurance premiums                              | 393,26     |
| 40501 | Transport for SP in the country                 | 766,24     |
| 40502 | Accommodation for SP in the country             | 90,00      |
| 40511 | Transport for SP abroad                         | 103,65     |
| 40512 | Accommodation for SP abroad                     | 1.389,46   |
| 40520 | Other expences for SP                           | 117,59     |
| 40609 | Other humanitarian expenses by projects         | 6.000,00   |

|       |   |                     |
|-------|---|---------------------|
| 40610 | Remaining humanitarian expenses of AMICA EDUCA                  | 5.3752,68           |
| 40611 | Other humanitarian expenses PRONI                               | 233.784,37          |
| 40612 | Other humanitarian expenses Edukon                              | 20.000,00           |
| 40616 | Other hum. expenses Association Razvoj, unapredenje i           | 6.815,92            |
| 40617 | Other hum. Expenses Most Association                            | 6.822,60            |
| 40619 | Other hum. expenses FBiH Youth Council                          | 6.991,80            |
| 40621 | Other hum. expenses Youth organisation Mali princ               | 6.992,09            |
| 40622 | Other hum. expenses Association for development and environment | 7.040,99            |
| 40623 | Association Post-conflict research Sa                           | 6.614,82            |
| 40643 | Klimaterm   | 7.000,00            |
| 40644 | Scholarship grant   | 1.200,00            |
| 40750 | Taxes   | 674,19              |
| 40810 | Conference expenses, training (accommodation)                   | 4.016,90            |
| 40812 | Conference expenses, training (food)                            | 2.115,38            |
| 40890 | Other expenses  | 1.940,59            |
| 40891 | Other expenses (exchange rate differences, round-off)           | 12.274,48           |
|       | <b>Total expenses of the accounting period</b>                  | <b>1.000.722,92</b> |

The association generates income and settles obligations on the basis of the basic registered activity and on the basis of credible accounting documentation, legal regulations that are applied in the Federation of Bosnia and Herzegovina and General Acts. Expenses refer to all projects according to the principle of consolidated reports. Some of the expenses cannot be precisely linked to individual projects, while certain expenses and costs were covered by a specific project. The sum of all projects, which were fully or partially implemented in the accounting period together with fixed - general operating costs, represent the total expenses of the accounting period.

## **Accounting policies**

### ***Reporting framework***

The separate financial reports of the Association were prepared in accordance with the Law on Accounting and Auditing of the Federation of Bosnia and Herzegovina (Official Gazette of the Federation of Bosnia and Herzegovina, number 83/09). According to the Law on Accounting and Auditing of the Federation of Bosnia and Herzegovina, the financial reporting standards applied in the Federation of Bosnia and Herzegovina ("FBiH") are International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS") adopted by the Board for International Accounting Standards ("IASB"), which have been officially translated and published in the Bosnian language by an authorized accounting body.

The Association applies all IFRS with amendments and interpretations adopted by the IASB and the Conceptual Framework for Financial Reporting, as well as all related interpretations, accompanying instructions, explanations and guides.

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(All amounts are in BAM, unless otherwise specified)

### **Going concern**

The financial statements are prepared under the assumption of going concern, which implies that the Association will be able to realize claims and settle obligations in the normal course of business.

### **Principle of historical cost**

These financial statements have been prepared according to the historical cost principle.

### **Fair value measurement**

Fair value is the price that would be received to sell or paid to transfer the liability in an ordinary transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In assessing the fair value of assets or liabilities, the Association takes into account the characteristics of assets or liabilities when market participants would take these characteristics into account when determining the price of assets or liabilities on the measurement date.

The fair value of the asset or liability is measured using assumptions that would be applied by market participants when defining the price of the asset or liability, assuming that market participants are acting in their economic interest.

Measuring the fair value of a non-financial asset takes into account the learner's ability in the market to generate economic benefits by using the asset in the highest and best possible way or by selling it to another market participant who will use the asset in the same way. The association uses valuation methods that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of all relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or described in the financial statement are categorized within the fair value hierarchy. The hierarchy based on the lowest level of input units that is significant for fair value measurement is described as follows:

- Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques with the lowest level of input data, which is significant for fair value measurement, is directly or indirectly observable; and
- Level 3 – valuation techniques with the lowest level of input data, which is significant for fair value measurement, is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a permanent basis, the Association determines whether there are transfers between levels in the hierarchy by reassessing the categorization (based on the lowest level of input data that is significant for measuring fair value as a whole) at the end of each reporting period.



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(All amounts are in BAM, unless otherwise specified)

### **Adoption of new and amended accounting standards**

The Association is obliged to evaluate the effects of the application of the new Standards on the financial result. In the accounting period, the Association made the Decision to apply IAS/IFSI for small and medium-sized enterprises.

New standards, which were applied for the first time in the accounting period:

- Amendment to IFRS 1 "First-time application of International Financial Reporting Standards" - changes resulting from annual improvements to IFRS for the period 2018-2020. (effective for annual periods beginning on or after January 1, 2022),
- Amendment to IFRS 3 "Business Combinations" - link to the conceptual reporting framework (effective for annual periods beginning on or after January 1, 2022),
- Amendment to IFRS 9 "Financial instruments" - Amendments clarifying which fees an entity includes when applying the "10%" test - related to the assessment of derecognition of a financial liability (effective for annual periods beginning on or after 1 January 2022) ,
- IAS 1 "Presentation of Financial Statements" - Classification of short-term and long-term liabilities: limitation of amendments to MRS 1 in order to improve the classification of debt and other liabilities as short-term or long-term (effective for annual periods beginning on or after January 1, 2022) ,
- IAS 16 "Property, plant and equipment" - Property, plant and equipment: Incomes before intended use: The amendments prohibit the entity from netting the cost of acquisition and any income from the sale of the property, in the period of bringing the property to the location and in a condition necessary for the intended use. Instead of the above, the entity recognizes entirety the inflows from the sale of such assets, i.e. the cost of acquisition through the income statement (effective for annual periods beginning on or after January 1, 2022),
- IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - Onerous Contracts - Contract Fulfillment Costs: The amendments define which costs should be included in an entity's assessment of whether a contract will be onerous (effective for annual periods beginning on or after January 1 2022),
- IAS 41 "Agriculture" - Annual improvements to IFRS for the period 2018-2020. – the amendment removes the requirements for entities to exclude cash flow from taxation when measuring the fair value of biological assets using the present value method (effective for annual periods beginning on or after January 1, 2022).

The application of these standards did not have a significant impact on the Association in the current or future reporting periods and on foreseeable future transactions.

New standards and interpretations that have been published but have not yet been adopted.

- IAS 1 'Presentation of Financial Statements' (long-term liabilities with covenants – amendments to IAS 1) – these amendments explain how binding conditions that an entity must meet within 12 months after the reporting date affect the classification of liabilities (effective for annual periods beginning on or after January 1, 2024).

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- IAS 1 'Presentation of Financial Statements' – Classification of Liabilities as Current or Non-Current – amendments to IAS 1 (effective for annual periods beginning on or after January 1, 2024).
- IFRS 16 'Leases' (amendments to IFRS 16) – These amendments explain how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements of IFRS 15 and are accounted for as a sale (effective for annual periods beginning on or after January 1, 2024),
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements – published in May 2023 and effective from January 1, 2024.
- Amendments to IAS 21 – Lack of Exchangeability – published in August 2023 and effective from January 1, 2025.
- Amendments to IFRS 10 and IAS 28 – Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture, published in September 2014 and deferred indefinitely.

### **Comparative data**

The financial statements include comparative data for the year ended on December 31, 2023.

### ***Impairment of value of non-financial assets***

On each date of the reporting period, the Association reviews whether there are indications that there has been a reduction in the value of real estate, plant and equipment. If there are such indications, or if annual impairment testing is required, the Association estimates the recoverable amount of the asset. Depending on which amount is greater, the recoverable amount of the asset is either the asset's fair value less disposal costs or the asset's value in use. The recoverable amount is determined for an individual asset, unless that asset generates cash flows that are largely independent of those generated by other assets or a group of assets. When the book value of the asset exceeds the recoverable amount, the value of the asset is considered to be impaired and it is written off from the recoverable amount.

Impairment losses are recognized in the statement of profit or loss in an expense category consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount after the last impairment loss was recognized.

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### **Provisions**

The Association recognizes a provision if it has a present obligation (legal or constructive) that has arisen from past events, if it is probable that an outflow of resources will be required to settle the obligation, and if the amount can be reliably estimated.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the date of the reporting period, taking into account the risks and uncertainties of the obligation. Provisions are released only for those costs for which the provision was originally recognized. If it is no longer probable that an outflow of economic benefits will be required to settle the obligation, the provision is released.

### **Employee benefits**

On behalf of its employees, the Association pays income tax, as well as contributions for pension, disability, health and unemployment insurance, on and from salary, which are calculated at legal rates during the year on the gross salary. The association pays the stated tax and contributions in favor of the institutions of the Federation of Bosnia and Herzegovina, at the federal and cantonal levels.

Furthermore, meal allowance, transportation and holiday pay are paid in accordance with domestic legal regulations. These costs are shown in the statement of profit or loss in the period in which the salary costs are incurred.

### **Taxation**

Income tax expense represents the aggregate amount of current income tax and deferred tax.

#### **Current income tax**

The current tax liability is based on the taxable profit for the year. Taxable profit differs from net profit for the period shown in the income statement, as it does not include items of income and expenses that are taxable or deductible in other years, as well as items that will never be taxable or deductible. The current tax liability of the Association is calculated by applying the tax rates that are in force, that is, valid on the date of the reporting period.

#### **Deferred income tax**

Deferred tax is the amount for which it is expected that a liability or refund will arise based on the difference between the book value of assets and liabilities in the financial statements and the corresponding tax base used to calculate taxable profit, and is calculated using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized to

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the extent that it is believed that taxable profits will be available and against which the temporary differences can be utilised.

The accounting amount of the deferred tax asset is assessed at each reporting period date and reduced to the extent that it is no longer probable that available taxable profit will be available for the full or partial recovery of the deferred tax asset. Deferred tax is calculated using the tax rates expected to be in effect in the period in which the liability will be settled or the asset will be realized. Deferred tax is recognized in profit or loss except to the extent that it relates to items that are recognized in other comprehensive income or directly in equity, in which case the deferred tax is also recognized in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when they relate to income taxes imposed by the same tax authority and if the Association can and intends to settle the taxes on a net basis.

## **Financial Instruments**

### *Financial assets*

#### *Classification*

The association classifies its financial assets in the following measurement categories:

- that which is subsequently measured at fair value (either through other comprehensive income ["OSD"] or through profit or loss ["DG"]), and
- the one that measures it at amortized cost.

The classification depends on the business model of the Association for the management of financial assets, as well as the agreed conditions for cash flows.

For assets measured at fair value, gains and losses will be recognized either through DG, or through OSD. For investments in equity instruments that are not held for trading, this will depend on whether the Association made an irrevocable choice at the time of initial recognition to carry the equity instruments at fair value through OSD.

The association reclassifies debt instruments when and only when it changes its business model for managing those assets.

#### *Recognition and termination of recognition*

Regular purchase and sale of financial assets is recognized on the trade date, i.e. the date on which the Association undertakes to purchase or sell assets. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred, and the Association has transferred all risks and rewards.

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### *Measurement*

Upon initial recognition, the Association measures financial assets at fair value plus transaction costs directly attributable to the acquisition of financial assets, in the event that financial assets are not stated at fair value through profit or loss (FVDG). Transaction costs of financial assets according to FVDG are recognized as expenses in the statement of profit or loss.

#### *a) Debt instruments*

The subsequent measurement of debt instruments depends on the business model of the Asset Management Association and the characteristics of the asset's cash flows. The subsequent measurement of debt instruments depends on the business model of the Asset Management Association (i.e. whether the Association's goal is solely the collection of contracted cash flows from assets, or the collection of both contracted cash flows and cash flows from the sale of the asset, or neither of these two models) and the characteristics of the cash flow of the flow of funds (ie, whether the cash flows represent only payments of principal and interest (the "SPPI" test).

There are three measurement categories into which the Association classifies its debt instruments.

Amortized cost: Assets held for the purpose of collecting contracted cash flows, where the cash flows represent only principal and interest payments, are measured at amortized cost. Interest income from this financial asset is included in financial income, using the effective interest rate method. Any gain or loss arising from derecognition is recognized directly in the statement of profit or loss, and is reported within other income/(expense). Exchange differences and impairment losses are shown as separate items in the income statement.

On January 1, 2023 and December 31, 2023, all financial assets of the Association are classified in this category:

- claims;
- contractual property;
- approved loans;
- deposits in banks;
- money and cash equivalents;
- other financial assets.

FVOSD (Fair value through other comprehensive income): Assets held to collect contracted cash flows and due to the sale of financial assets, where the cash flows represent only principal and interest payments, are measured by FVOSD.

The association does not own any financial assets classified in this category.

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*b) Equity instruments*

The Association subsequently measures all equity instruments at fair value. When the Management Board of the Association has chosen to present gains and losses from the fair value of capital instruments through OSD, after the cessation of asset recognition, no subsequent reclassification of gains and losses from fair value to the profit and loss statement is made. Dividends from such investments continue to be recognized in the statement of profit or loss as other income after the Association's right to receive payments is established.

Changes in the fair value of financial assets under FVDG are recognized within other income/(expense) in the statement of profit or loss, as applicable. Impairment costs (and write-offs) of equity instruments measured under FVOSD are not reported separately from other changes in fair value.

The association does not own any financial assets classified in this category.

*Impairment of value*

For debt instruments carried at amortized cost or FVOSD, the Association estimates expected credit losses ("ECL") based on future information. The applied methodology for assessing impairment depends on whether there has been a significant increase in credit risk.

The measurement of ECL reflects: (i) an unbiased and probability-weighted amount determined by evaluating the range of possible outcomes, (ii) the time value of money, and (iii) all reasonable and available information available without undue cost at the end of each reporting period about past events, current conditions and forecasts of future conditions.

For receivables from customers and contractual assets, without a significant financing component, the Association applies the simplified approach allowed by IFRS 9 and measures expected losses due to impairment during the contract period, from the initial recognition of receivables. The association uses an impairment matrix, according to which losses due to impairment are calculated for receivables from customers according to their age structure or their maturity periods.

Trade receivables and contract assets are presented in the statement of financial position net of the allowance for ECL.

To measure expected credit losses, receivables from customers and contractual assets are grouped based on common characteristics of credit risk. An analysis of non-recovery is conducted for previous periods to determine the overall default rate.

In order to determine the default rate for a given time interval, the amount of written-off receivables is compared with the amount of remaining receivables. Historical loss rates

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are adjusted to reflect current and future information about macroeconomic factors affecting customers' ability to settle claims. Impairment losses are calculated taking into account the historical default rate, adjusted for the impact of future information, and the amount of outstanding receivables at the reporting period date, for each time interval.

### **Rounding of Amounts**

All amounts published in the financial statements and notes are rounded to the nearest whole amount, unless otherwise indicated.

### **Key accounting estimates and judgments**

The preparation of financial statements requires the use of accounting estimates which, by definition, will rarely equal actual results. Management must also exercise judgment in applying the Association's accounting policies.

This note provides an overview of areas that involved a higher degree of judgment or complexity, and items that are more likely to have been materially adjusted due to estimates and assumptions that proved to be incorrect. Detailed information on each of these estimates and judgments is included in the other notes along with information on the basis of calculation of each item in the financial statements.

In addition, this note also explains where actual adjustments have occurred this year as a result of errors and changes in previous estimates.

### ***Significant estimates and judgments***

Areas involving significant assessments or judgments are:

- assessment of the fair value of certain financial assets,
- assessment of the fair value of land and buildings, and investment real estate,
- estimated useful life of real estate, plant and equipment and intangible assets,
- assessment of provisions for court proceedings,
- assessment of provisions for employee benefits,
- estimation of provisions for guarantees,
- revenue recognition and distribution of the transaction price,
- decrease in the value of financial assets,
- cancellation and extension options in rental agreements.

Estimates and judgments are continuously reviewed. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Association and are believed to be reasonable under the circumstances.

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*Assessment of the fair value of certain financial assets*

The fair value of financial instruments that are not traded in an active market is determined by applying valuation techniques. The Association uses its judgment in selecting various methods and makes assumptions that are generally based on market conditions existing at the end of each reporting period.

Techniques used for valuation of financial instruments include:

- using quoted market prices or seller's quotes for similar instruments, and
- for other financial instruments – analysis of discounted cash flows.

Fair value levels and other information on fair value measurement of financial assets are disclosed in the Note.

*Assessment of the fair value of fixed assets - intangible assets and equipment*

The association makes independent valuations for its investment properties at least once a year, and for intangible assets and equipment (classified as real estate, plant and equipment) at least every three years.

At the end of each reporting period, Management should update its estimate of the fair value of each equipment in use, taking into account the most recent independent valuations.

Management should determine the value of assets within a range of reasonable estimates of fair value.

The best evidence of fair value is current prices on the active market of similar properties. If information on current prices is not available, the Administration considers information from various sources, including:

- current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences,
- discounted cash flow projections based on reliable estimates of future cash flows,
- forecasts of capitalized income based on the estimated net income of the real estate market and the capitalization rate derived from the analysis of market evidence.

*Estimated useful life of real estate, plant and equipment, investment real estate and intangible assets*

Estimation of the useful life of real estate, plant and equipment and intangible assets is subject to judgment based on experience with similar assets. Future economic benefits embodied in assets are consumed mainly through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in a reduction in the economic benefits embodied in the asset. Management estimates the remaining useful life in accordance with the current technical conditions of the property and the estimated period in which the property is expected to create benefits for the Association. The following primary factors are considered: (a) expected use of the property; (b) expected



physical wear and tear, which depends on operational factors and maintenance programs; and (c) technical or commercial obsolescence arising from changes in market conditions.

If the estimated useful life were to differ by 10% from the Management's estimates, the impact on depreciation for the year ended December 31, 2023 would be an increase/decrease.

#### *Estimation of provisions for legal proceedings*

The amount recognized as a provision for litigation is the best estimate of the consideration required to settle the present obligation at the date of the reporting period, when the probability of settlement is greater than the probability that the obligation will not be settled.

Regarding possible legal proceedings against the Association on December 31, 2023, the Association made a detailed analysis and assessment and there are no amounts that could significantly affect the financial statements.

#### *Estimation of provisions for retirement benefits*

The present value of the retirement benefit obligation depends on many assumptions used in the actuarial calculation.

The assumptions used in determining the provision include the discount rate. The association should determine the appropriate discount rate at the end of each year. It is the interest rate that should be used to determine the present value of the estimated future cash outflows that are expected to be needed to meet the severance payments at retirement. When determining the appropriate discount rate, the Association takes into account the interest rates of government bonds that have maturities similar to conditions related to severance pay upon retirement.

Other key assumptions for provisions are based partly on current market conditions and on historical data related to employees in the Association.

#### *Estimation of provision for guarantees*

Management estimates provisions for future warranty claims based on historical data, as well as recent trends, which may mean that historical cost data may differ from future claims. The assumptions made in relation to the current period are consistent with those of the previous year.

Factors that may affect estimated requirements information include the success of the Association's productivity and quality improvement initiatives, as well as spare parts and labor costs.

#### *Revenue recognition and distribution of the transaction price*

The association recognized income based on donations received for the year ending December 31, 2023.

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This specific right is given, because it is the income from the donor that is distributed in accordance with the Agreement and the plan for the time period for which the distribution of the donation is agreed upon.

Based on the quality assurance system, the Association is convinced that the quality of services is such that the rate of dissatisfaction will be insignificant. The management determined that it is very likely that there will be no termination of the contract and that there will be no significant cancellations in the amount of recognized income. Therefore, it is appropriate to recognize revenue in those transactions during 2023, as control of the good is transferred to the beneficiaries. Points enable users to have material rights that they would not have received without entering into a contract. Therefore, the promise to provide points to users is a separate enforceable obligation.

#### *Impairment of financial assets*

The loss resulting from impairment of financial assets based on assumptions about default risk and expected loss rates. The Association exercises judgment when creating these assumptions and selecting input parameters in the calculation of impairment, based on the Association's history, existing market conditions, as well as future estimates at the end of each reporting period. Details of key assumptions and input parameters used in the calculation. Impairment losses on financial assets are recognized in the statement of profit or loss, while balances of allowances for losses are disclosed.

#### *Cancellation and renewal options in rental agreements*

In determining the duration of the lease, the Administration takes into account all the facts and circumstances that create an economic incentive for applying the extension option or not using the cancellation option. Extension options (or periods after cancellation options) are included in the lease term only if it is reasonably certain that they will be extended (extension option) or not canceled (cancellation option). The assessment of whether it is reasonably certain that the Association will use the extension option or will not use the cancellation option is made if there is a significant event or a significant change in circumstances that affects this assessment and is under the control of the Association.

#### **Financial risk management**

The Association's operations are not exposed to market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The established activity of the Association is related to the daily life needs of citizens, so it is not subject to the effects of the season or other fluctuations in the market.

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**Market Risk**

The Association's operations are not primarily exposed to the financial risks of changes in foreign currency exchange rates and interest rates.

Currency risk

The association carries out certain transactions in foreign currencies.

The association carries out transactions in EUR currency. Since the convertible mark (BAM) is officially linked to the EUR, the Association is not exposed to the risk of changes in the EUR exchange rate.

The association also carries out transactions in USD currency, and the impact of currency changes is reported in the business books.

Interest rate risk

The association is not exposed to interest rate risk since it does not take out loans and has no contract with the obligation to pay interest.

**Credit Risk**

Credit risk is the risk that the contracting party will not fulfill its obligations under the financial instrument or the contract with the beneficiaries, which leads to a financial loss. Credit risk arises from cash and cash equivalents and receivables. Credit risk is managed on an individual basis.

The Association manages and analyzes the credit risk for each of its new users, analyzing the sources of financing and the possibilities of placing the necessary assistance, past experience and other available factors.

The accounting amounts of financial assets recorded in the financial statements, less value adjustments, do not reflect the Association's exposure to credit risk without taking into account the value of any acquired collateral.

**Liquidity risk**

The Association manages liquidity risk by maintaining sufficient funds to meet obligations as they fall due.

The Association's liquidity management policy includes projecting cash flows in major currencies (BAM, EUR and USD) and taking into account the level of liquid assets required to meet these obligations.

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Bearing in mind the fact that the Association has no obligations based on short-term indebtedness on the basis of loans, as well as the fact that it has no significant obligations towards suppliers, and there is information on accrued income and expenses, the calculation of indebtedness was carried out in order to assess whether the Association is exposed to liquidity risk .

By calculating the ratio of current liabilities to current assets, we obtained a negligible leverage ratio of 0.23, which represents a ratio that cannot jeopardize current liquidity. When calculating the ratio of total debt to total assets, we obtain a leverage ratio of 1.79, which falls within empirically acceptable limits. Considering that donors have provided funds to cover contracted projects, it is estimated that the Association will not cease operations in the next 12 months.

The tables below analyze the financial obligations of the Association in relevant groups by maturity based on their contractual maturities. The amounts shown in the table are contractual undiscounted cash flows.

|   | <b>Up to 1<br/>year</b> | <b>Over<br/>1 year</b> | <b>Total<br/>contracted<br/>cash flows</b> | <b>Book value</b> |
|---|-------------------------|------------------------|--|-------------------|
| <b>As of 31 December 2023.</b>                    |                         |                        |  |                   |
| Payables  | 1.197,19                | -                      | 1.197,19                                   | 1.197,19          |
| Liabilities for advances received                 |                         |                        |  |                   |
| Obligations for taken loans and other obligations | -                       | -                      | -  | -                 |
| Short-term accruals                               | -                       |                        | -  | -                 |
| <b>Total:</b>                                     | <b>1.197,19</b>         | <b>-</b>               | <b>1.197,19</b>                            | <b>1.197,19</b>   |

***Fair value of financial instruments***

***Fair value of the Association's financial instruments that are measured at fair value on a permanent basis***

The Association does not own financial instruments that are measured at fair value on a permanent basis.

***Fair value of financial instruments of the Association that are not measured at fair value on a permanent basis (but for which disclosure of fair value is required)***

For trade receivables, trade payables, short-term loans taken, as well as cash and cash equivalents, the book value represents a reasonable approximation of the fair value.

(All amounts are in BAM, unless otherwise specified)

## **Capital management**

### ***Risk management***

The goals of the Association in capital management are:

- preservation of its ability to continue under the assumption of continuity of business i
- maintaining an optimal capital structure in order to reduce the cost of capital.

### **Events after the date of the reporting period**

There were no significant events after the date of the reporting period and up to the date of approval of these financial statements that require reconciliation or publication in the financial statements.