

**MV Konsalt d.o.o.**  
Revizija finansijskih iskaza i konsalting

Crna Gora, ulica. Slobode 26, 81000 Podgorica  
PIB: 02686678, PDV 30/31-06929-6, Prva banka CG 535-9398-15  
tel: +382 20 232-013, fax: +382 20 513-738, mob.tel: +382 69 070-333  
e-mail: ilinka.vukovic@t-com.me, mia.vukovic96@gmail.com

Civic Alliance

**Audit Report 2015**  
/period January-December/

Podgorica, March 2016

Table of Contents

|  |    |
|--|----|
| Independent Auditor's Report .....                     | 3  |
| AUDITORS's COMMENTS.....                               | 4  |
| 1. INTRODUCTION .....                                  | 4  |
| Project Agreements .....                               | 4  |
| Responsibility of the management.....                  | 5  |
| Object of the audit .....                              | 8  |
| Audit Scope .....                                      | 8  |
| 2. EXPENDITURE IN 2015 RELATED TO CIVIC ALLIANCE ..... | 9  |
| 3. REVIEW OF THE INFLOWS FROM A DONORS .....           | 12 |
| 4. RECOMMENDATION .....                                | 12 |
| 5. FINANCIAL STATEMENTS.....                           | 13 |

To the Supervising Board of the Civic Alliance

### Independent Auditor's Report

We have audited the accompanying statements of financial position of the Civic Alliance as of 31 December and the related statements of activities, cash flow, changes in the accumulated funds and movements of restricted funds. The financial statements were prepared by management of the Civic Alliance based on the Accounting Regulations of the Montenegro and the International Financial Reporting Standards (IFRS).

#### *Management's Responsibility for Financial Statements*

Management is responsible for the preparation of these financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on this financial report based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements of the Civic Alliance as of 31 December 2015 are prepared, in all material respects, in accordance with the Accounting Regulations of the Montenegro and International Financial Reporting Standards.

Expenditures were made in accordance to the purpose funds were donated for.

Podgorica, 31.03.2016.

**MV Konsalt ltd Podgorica**  
linka Vuković, authorized auditor



## AUDITORS's COMMENTS

With financial reports from January through 31 December 2015.

### 1. INTRODUCTION

Civic Alliance (CA) Montenegro is registered as a non-governmental, non-profit foundation. Through the merger of two well established NGOs in Civic Alliance, the aim was to intensify work in supporting the rights of individual citizens towards the state system. In addition, Civic Alliance is enhancing the monitoring of judicial bodies and public administration on national and municipal level. CA work in strengthening the interaction between the citizens and public bodies, through active public advocacy and constructive critical approach.

The office focus is on strengthening cooperation between and among local human rights NGOs in order to increase the visibility, impact and value of efforts to create a responsible, free and democratic society.

Civic Alliance (CA) efficiently contributes to establishing democratic, civic and responsible society where human rights are being respected, contributes to the respect of the rule of law, development of the researching journalism and creation of public policies in the area of its expertise.

Civic Alliance office in Montenegro was founded in the september of 2011 and is based in Podgorica, st. Studenska, Lamela 9, no 5. Registry number of the organization is 179 (act 05-006/11-16479/1 on 09.09.2011.).

Civic Alliance office in Montenegro has gyro accounts:

|              |  |
|--------------|--|
| 530-19969-52 | at NLB Montengro banka d.d. Podgorica; |
| 520-447-92   | at Hipotekarna banka d.d. Podgorica;   |
| 520-423-67   | at Hipotekarna banka d.d. Podgorica;   |

Civic Alliance office in Montenegro is e non-profit fondation that is financed by funds that work in accordance with law, gifts, voluntary contributions of citizens, sponsorship, donations from foreign governments and organizations, and by donations from local donors.

As nongovernmental, nonprofit foundation, CA shall fully function on nonprofit basis, therefore, all funds CA collects for its work, shall invest in program and achieving goals for it has been establishes, in the manner defined by establishers.

### Project Agreements

In 2015 the CA managed 14 projects. The following table gives an overview of major projects as well as their respective duration and contract amount:

| Donor   | Duration or Contract Date | Project Title   | Contract Amount |
|---|---------------------------|---|-----------------|
| Rockefeller Brothers Fund (Rbf)                           | 01/01/14 - 31/12/15       | Development of functional Rule of Law in Montenegro – Institutional support                             | USD 160,000     |
| UNDP  | 01/01/15 - 31/05/15       | Mapping of reconciliation activities in the Western Balkans   | USD 4,988       |
| Royal Norwegian Embassy                                   | 26/06/15 - 31/11/15       | What is Democracy in Practice- Study visit of Alumni of School of Democratic Leadership                 | NOK 218,891     |
| Royal Norwegian Embassy                                   | 01/07/15 - 30/06/16       | Institutional support   | NOK 357,635     |
| Charles Stewart Mott Foundation                           | 01/07/14 - 30/06/16       | Towards Enhanced Civic Activism and Sustainable Civic Participation in Montenegro                       | USD 70,000      |
| Council of Europe   | 01/01/15 - 31/12/15       | School of Democratic Leadership   | EUR 25,000      |
| INL   | 30/09/15 - 30/09/16       | Enhancing the Ability of Criminal Justice Institutions to Better Communicate their Work to the Citizens | USD 34,240      |
| German embassy  | 01/06/15 - 31/05/16       | Advancing Employment of Roma population in Montenegro   | EUR 44,370      |
| Association of prosecutors                                | 01/12/15 - 31/12/15       | Research on public trust in the judiciary   | EUR 1,496       |
| Commission for allocation of revenue from games of chance | 18/12/15 – 18/12/16       | Disconnect you  | EUR 6,590       |

As a rule, all projects are supported by project agreements between the CA and the donor.

#### Responsibility of the management

Civic Alliance has following managerial Bodies:

- Person authorized for representation – President
- Board of Directors, as the collective body;
- Supervising body, as the collective body
- CA Council

Also, Program director, Executive director and Communication director are persons authorized for representation.

Managing board is the highest managing body in CA.

Managing board has four members and is composed of:

- **President**
- **Program Director**
- **Executive Director**
- **Communication Director**

Members of Managing body shall be appointed by establishers of the Foundation.

Members of Managing body may not be members of other bodies of Foundation.

Managing board has the President who manages the work of the board.

President of Managing board shall be appointed by establishers of the Foundation.

Documents of the Managing board shall sign the President of Managing board.

Managing board shall meet at least once in a month.

Other persons invited by members at their session, whose presence is important for the work of the board, may be present at the sessions.

#### Competences of the Managing board

- Appoint and dismiss of duty person competent for representation,
- Adopt the Statute,
- Adopt the annual financial report,
- Decide on disposing the property,
- Adopt the Rulebook on its work,
- Make decision on change of goals and activities,
- Decide on other matters, for which the Statute has not defined competence of other bodies of the Foundation,
- Perform other activities in accordance with the Law, Establishing act and the Statute,
- Make decision on establishing and abolishing bodies of CA, after the proposal of the President of Managing body,
- Make decision on strategic cooperation with other national and international organizations,
- Make decision on establishing other legal entities whose establisher is CA,
- Make and supervise realization of annual plan of work,
- Develop new programs in accordance with the mission of CA,
- Represent CA in public,
- Adopt the Rulebook on its work after the proposal of the President of Managing board,
- May, after the proposal of Program Director, award persons who contributed work and development of CA.



Supervising board:

- shall control financial business of CA and perform the control of rational use of finances of the Fund.
- shall inform establishers on noticed irregularities without a delay.

CA Council:

- shall advise CA on their strategic policies
- shall meet with CA members at least two times for year

Competences of person authorized for representation shall be:

- Managing work and activities of CA,
- Dealing with development projects of the organization,
- Keeping the contacts with donors and dealing with collecting funds for the organization,
- Concluding contracts and overtaking other legal matters in the name and for the account of the organization,
- Responsible for legal work of the Foundation,
- Managing work of the Foundation in consent with decision of the Managing board,
- Delivering proposals of annual of annual financial report to Managing board,
- Dealing with cooperation with other organizations and institutions,
- Right to abolish, change and suspend each decision of Executive Director,
- Performing other jobs in accordance with the Law, Statute and acts of the Foundation.

Program Director shall:

- represent the Office,
- be responsible for creation of new programs and projects of the Office,
- coordinate all program activities,
- be responsible for conduction of all program and project activities,
- develop financial reports and shall contact donors of the office and regional office,
- authorize coordinators for representing the office in contacts with partners, donors, and media,
- delegate its competencies to coordinators.

Executive Director shall:

- take care on executing decisions of CA bodies,
- provide assistance to the President in direct management of work of CA,
- make decisions important for regular businesses of CA,
- appoint and supervise the work of Office manager and Accountant,

- keep the seal and verify official documents of CA ,
- dispose of the property of CA, in accordance with the Law, Statute, financial plan, and decisions of Managing board of CA,
- perform other affairs delegated by the Managing board or President.

Communication Director shall:

- represent the Office
- provide publicity of work of CA
- be responsible for visibility and image of CA in public
- develop and conduct communication strategy of CA
- be responsible for maintaining contacts with media
- coordinate PR and activities related to media
- be responsible for informing the membership on the work of CA.

At the end of 2015 eight members were full time employed and approximately nine members were engaged by contract by the CA in Podgorica. All staff members have valid employment contracts. Job descriptions are outlined in the so-called »Systematization of Workplaces«. The employees have to prepare monthly activity reports, which are evaluated by the managerial body. The social insurance contributions amount to 33.8% both for the employee and the employer. Income tax is calculated at the flat rate of 9% of the gross salary. The CA deducted income tax and social insurance contributions for its employees. The personal files are accurately kept by CA.

#### **Object of the audit**

Spending major of the designated funds donated by Rockefeller Brothers Fund, Norwegian Embassy, Charles Stewart Mott Foundation, Council of Europe, German embassy was audited. Rockefeller Brothers Fund and Norwegian Embassy offered institutional support while other donors financed specific projects with limited time frame.

The goal of this audit is to determine the spending of designated funds that were donated by a Rockefeller Brothers Fund, UNDP, Royal Norwegian Embassy, German Embassy, Charles Stewart Mott Foundation, Council of Europe and others for financing of the activities from its field of interests but at the same time the overall expenses and that they were based on the Accounting Regulations of Montenegro and the International Financial Reporting Standards (IFRS).

Auditing will be carried out according to International audit standard 800.

#### **Audit Scope**

Tolerable Error assigned to Civic Alliance has been set at EURO 500.00.  
All amounts are reported in EURO.



## 2. EXPENDITURE IN 2015 RELATED TO CIVIC ALLIANCE

Approximately 98 % of all expenses are paid through a bank account. At the end of 2015 the GA in Podgorica kept 1 bank account at the NLB Montenegro banka a.d. Podgorica and 2 bank accounts at the Hipotekarna banka a.d. Podgorica. According to the underlying bank documents one member of Managing Board have single signatory power for Hipotekarna bank accounts. The GA keeps common bank account for all major projects. All inflows are confirmed by original bank documents.

Total expenditures CA office shown relate to:

Salaries costs in the amount of 86,499.69 € (net salaries with all taxes, surtaxes and contributions), Contractual fees - contracted services - accounting, lease, consultants, researchers, financial intermediation and the production and broadcasting in the amount of 34,853.05 € (net salaries with all taxes and surtaxes),

Bank fees in the amount of 890,44 €,

Per diem, plane tickets and transportation in the amount of 32,703.25 €

Office expenses in the amount of 12,905.43 € ( maintenance, phones – cell and land line, office and other material, photocopying expenses, maintenance – servicing, daily press...)

Costs donations and support for the partnership with other members in the amount of 25,250.00 €,

The cost of depreciation in the amount of 545.72 €,

The cost of other services in the amount of 4,232.69 €

Seminar and workshop expenses (hotel fees, representation) in the amount of 12.381,78 €,

Total cash is 4,600.00 € and relates to the payments for the office, travel expenses, per diems, hygiene and drinks. Stated expenses are included in the previous expenditure overview.

| No | DESCRIPTION  | In Euro<br>Amount   |
|----|--|---------------------|
| 1. | Inflows 2015.:   |                     |
|    | - Rockefeller Brothers Fund  | 74,162.26 €         |
|    | - Norwegian Embassy  | 67,619.98 €         |
|    | - Charles Stewart Mott Foundation  | 30,745.56 €         |
|    | - UNDP   | 6,555.96 €          |
|    | - German Embassy   | 32,065.00 €         |
|    | - Council of Europe  | 26,140.00 €         |
|    | - Kingdom of Netherlands   | 3,509.00 €          |
|    | - INL  | 6,773.74 €          |
|    | - contributions from other sources   | 10,495.00 €         |
|    | <b>TOTAL INFLOWS 2015</b> Total  | <b>258,066.50 €</b> |
| 2. | Outflows 31.12.2015.   | Amount              |
|    | Rockefeller Brothers Fund - Budget line 2014/2015  |                     |
|    | Porejct title: Development of functional Rule of Law in Montenegro – Institutional support |                     |
|    | 01-Personnel costs   | 42,243.62 €         |
|    | 02-Equipment   | 623.00 €            |
|    | 03-Travel cost/Per diems   | 656.22 €            |

|  |                    |
|--|--------------------|
| 04-Household items   | 560.14 €           |
| 06-Electricity   | 160.49 €           |
| 07-Audit   | 1,000.00 €         |
| 08-Office furniture  | 2,198.48 €         |
| 08-Cooperation and networking  | 879.00 €           |
| 09-Manual  | 830.00 €           |
| 10-Annual reports  | 2,073.06 €         |
| 11-Office cost/materials   | 1,447.68 €         |
| 09-Monitoring the Judiciary  | 8,514.32 €         |
| 10-Media outlet  | 9,598.15 €         |
| 11-Capacity Building   | 541.50 €           |
| 12- Indirect Costs   | 2,851.50 €         |
| <b>Total</b>   | <b>74,177.16 €</b> |
| <hr/>  |                    |
| Norwegian Embassy - Budget line 2015   |                    |
| Porejct title: What is Democracy in Practice- Study visit of Alumni of School of Democratic Leadership                 |                    |
| 01-Human Resources   | 2,700.00 €         |
| 02-Travel  | 9,846.00 €         |
| 03-Equipment and supplies  | -                  |
| 04-Local office  | -                  |
| 05-Other costs, services   | 500.00 €           |
| 06-Other   | 11,950.00 €        |
| 07-Administrative costs  | 4.0 €              |
| <b>Total</b>   | <b>25,000.00 €</b> |
| <hr/>  |                    |
| Norwegian Embassy - Budget line 2015/2016  |                    |
| Porejct title: Institutional support   |                    |
| 01-Human Resources   | 7,500.00 €         |
| 02-Experts   | -                  |
| 03-Travel  | 309,80 €           |
| 04-Equipment   | -                  |
| 05-Capacity development and networking   | 1,961.56 €         |
| 06-Outreach and visibility   | 106.00 €           |
| <b>Total</b>   | <b>9,877.36 €</b>  |
| <hr/>  |                    |
| INL - Budget line 2015/2016  |                    |
| Porejct title: Enhancing the Ability of Criminal Justice Institutions to Better Communicate their Work to the Citizens |                    |
| 01-Personel  | 2,502.09 €         |
| 02-Travel  | 374.00 €           |
| 03-Contarctual (consultant fees)   | 2,088.94 €         |
| 04-Other direct costs  | 1,856.84 €         |
| <b>Total</b>   | <b>6,821.87 €</b>  |
| <hr/>  |                    |
| German embassy - Budget line 2015/2016   |                    |
| Porejct title: Advancing Employment of Roma population in Montenegro   |                    |
| 01-Trainings   | 6,216.55 €         |
| 02-Stimulating Employment  | 838.40 €           |
| 03-Operational costs   | 508.21 €           |

|  |                    |
|--|--------------------|
| 04-Human resources                             | 10,465.00 €        |
| <b>Total</b>                                   | <b>18,028.16 €</b> |
| Council of Europe - Budget line 2015           |                    |
| Project title: School of Democratic Leadership |                    |
| 01- Human Resources                            | 8,100.00 €         |
| 02-Seminar costs                               | 14,063.00 €        |
| 03-Travel                                      | 1,549.22 €         |
| 04-Local office/project costs                  | 1,212.15 €         |
| 05-Other costs, services                       | 77.14 €            |
| <b>Total</b>                                   | <b>25,001.51 €</b> |

Through our insight into original documentation we saw that designated funds were used accordingly.

The above mentioned Statement was examined and all tests of the supporting documentation and accounting record deemed necessary were carried out in order to obtain reasonable assurance that in our opinion, based on our audit:

- the amount of the total eligible outflows declared above, is complying with the following cumulative conditions:
  - they are actual and reflect the contractor's economic environment;
  - they are determined in accordance with the contractor's accounting principles;
  - they have been incurred during the periods covered by the Statements concerned by this audit certificate;
  - they are recorded in the accounts of the contractor at the date of established of this audited certificate;
- accounting procedures used in the recording eligible costs and receipts respect the accounting rules of the State in which the contractor is established and permit the direct reconciliation between the costs and receipts incurred for the implementation of the project covered by the Civic Alliance Podgorica;
- paying teller was done according to rules and standards. Every payments has a document attached to it that guarantees it;
- personal income (salaries and temporary contracts) has been accounted according to rules.

### 3. REVIEW OF THE INFLOWS FROM A DONORS

During the year 2015. Civic Alliance had the following inflows from donators:

|                                       |                             |
|---------------------------------------|-----------------------------|
| - transfer on 27/02/15 amount of euro | 8,900.00 € (CoE)            |
| - transfer on 08/04/15 amount of euro | 2,100.00 € (UNDP)           |
| - transfer on 14/04/15 amount of euro | 74,162.26 € (RBF)           |
| - transfer on 15/05/15 amount of euro | 4,455.96 € (UNDP)           |
| - transfer on 18/05/15 amount of euro | 2,344.71 € (NRE)            |
| - transfer on 05/06/15 amount of euro | 2,538.08 € (NRE)            |
| - transfer on 26/06/15 amount of euro | 30,745.56 € (MOTT)          |
| - transfer on 29/06/15 amount of euro | 10,000.00 € (GE)            |
| - transfer on 03/07/15 amount of euro | 22,516.14 € (NRE)           |
| - transfer on 08/07/15 amount of euro | 7,240.00 € (CoE)            |
| - transfer on 22/07/15 amount of euro | 40,221.05 € (NRE)           |
| - transfer on 27/10/15 amount of euro | 10,000.00 € (CoE)           |
| - transfer on 13/11/15 amount of euro | 3,509.00 € (HNA)            |
| - transfer on 13/11/15 amount of euro | 6,773.74 € (INL)            |
| - transfer on 02/12/15 amount of euro | 22,065.00 € (GE)            |
| - transfer on 25/12/15 amount of euro | 6,590.00 € (Igre na sreću). |
| - transfer on 25/12/15 amount of euro | 1,496.00 (Udruženje sudija) |

### 4. RECOMMENDATION

In the planning and completing of our partial auditing we have investigated internal control routines in Civic Alliance Podgorica in detail and part that is directly related to donors.

Auditing was conducted according to regulations of International audit standard 800.

We have conducted an audit relating to the cost declared in the Financial Statement.

We confirm that our audit was carried out in accordance with generally accepted auditing standards respecting ethical rules and on the basis of the relevant provisions of the above referenced contract.

Due to this fact, our observations and recommendations could not be perceived as complete as it could be if we were responsible for the auditing of the whole enterprise.

That's why this report is relevant primarily for Civic Alliance Podgorica Supervisory Board.

Upon examination of the document we noticed high level of order and systematic deposition and operational processing of documents.

We want to point out that we, as an auditor, found no reason to be suspicious that the submitted documentation was not trustworthy.

Finally, we want to emphasize high level of rationality in the spending of financial funds by CA Podgorica, as well as high level of order in their conduct.

#### **5. FINANCIAL STATEMENTS**

The CA Podgorica prepared financial statements in EURO as of 31 December 2015. The financial statements include all projects and consist of a balance sheet and an income statement. The following tables give an overview of the presented financial statements:

11  
12  
13  
14

**STATEMENT OF FINANCIAL POSITION as of 31 December 2015**

| Item                                 | Dec-31, 2015   | Dec-31, 2014   |
|--------------------------------------|----------------|----------------|
| <b>ASSETS</b>                        |                |                |
| <b>Non-current assets</b>            |                |                |
| Intangibles assets                   | 357            | -              |
| Goodwill                             | -              | -              |
| Property, plant and equipment        | 3,776          | 1,825          |
| Advanced for fixed assets            | -              | -              |
| Deferred tax assets                  | -              | -              |
| <b>Total non-current assets</b>      | <b>4,133</b>   | <b>1,825</b>   |
| <b>Current assets</b>                |                |                |
| Inventories                          | 321            | -              |
| Receivables                          | 500            | -              |
| Short term financial placements      | -              | -              |
| Cash and cash equivalents            | 157,206        | 103,308        |
| Prepaid income tax                   | -              | -              |
| <b>Total current assets</b>          | <b>158,027</b> | <b>103,308</b> |
| <b>TOTAL ASSETS</b>                  | <b>162,160</b> | <b>105,133</b> |
| <b>EQUITY AND LIABILITIES</b>        |                |                |
| <b>Equity</b>                        |                |                |
| Share capital                        | -              | -              |
| Revaluation reserves                 | -              | -              |
| Other reserves                       | -              | -              |
| <b>Total equity</b>                  | -              | -              |
| <b>Non current liabilities</b>       |                |                |
| Long-term borrowings                 | -              | -              |
| Long-term provision                  | -              | -              |
| Other long term liabilities          | -              | -              |
| <b>Total non current liabilities</b> | -              | -              |
| <b>Current liabilities</b>           |                |                |
| Accrued liabilities and advances     | -              | -              |
| Liabilities from business operations | 264            | -              |
| Deferred income                      | 161,896        | 105,133        |
| Other short term liabilities         | -              | -              |
| <b>Total Current liabilities</b>     | <b>162,160</b> | <b>105,133</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>162,160</b> | <b>105,133</b> |





**INCOME STATEMENT for the year ended 31 December 2015**

| Item  | Dec-31, 2015     | Dec-31, 2014     |
|---|------------------|------------------|
| <b>Revenues</b>   |                  |                  |
| Revenues from donations                                       | 209,758          | 211,138          |
| Other operating revenues                                      | -                | -                |
| <b>Total revenues</b>   | <b>209,758</b>   | <b>211,138</b>   |
| <b>Operating expenses</b>                                     |                  |                  |
| Changes in inventories of finished goods and work in progress |                  |                  |
| Cost of materials and consumables                             | (3,922)          | (2,891)          |
| Salaries and other benefits to employees                      | (112,396)        | (164,900)        |
| Depreciation and amortization                                 | (546)            | (349)            |
| Other operating expenses                                      | (93,398)         | (45,110)         |
| <b>Total operating expenses</b>                               | <b>(210,262)</b> | <b>(213,250)</b> |
| <b>Operating profit/loss</b>                                  | <b>(504)</b>     | <b>(2112)</b>    |
| Finance revenues  | 504              | 1,410            |
| Finance expenses  | -                | -                |
| <b>Finance profit/loss</b>                                    | <b>504</b>       | <b>1,410</b>     |
| Other revenues  | -                | 702              |
| Other expenses  | -                | -                |
| <b>Other business activities profit/loss</b>                  | <b>-</b>         | <b>702</b>       |
| <b>Profit before income tax</b>                               | <b>0</b>         | <b>0</b>         |
| Income tax expense  | -                | -                |
| <b>Total comprehensive income for the year</b>                | <b>-</b>         | <b>-</b>         |