

CODEX AUDIT

HUMANITARIAN LAW CENTER, Belgrade

**AUDIT REPORT
OF THE FINANCIAL STATEMENTS**

FOR THE PERIOD 1 JANUARY 2015 TO 31 DECEMBER 2015

IN BELGRADE, MARCH 2016

AUDIT COMPANY "CODEX AUDIT" D.O.O. BELGRADE
11070 BELGRADE, BULEVAR ZORANA ĐINĐIĆA 28/VII/25 | PHONE: +381 11 2458707; +381 64 1700153

ENTERED INTO THE REGISTER OF ECONOMIC ENTITIES - BUSINESS REGISTERS AGENCY IN BELGRADE NUMBER BD 1036/2014
COMPANY REGISTRATION NUMBER 20984376 | TAX NUMBER 108364062
BANK ACCOUNT: 170-0030019559001-04 UNICREDIT BANK A.D. BELGRADE
EMAIL: REVIZIJA@CODEXAUDIT.RS | WEB: WWW.CODEXAUDIT.RS

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NGO.016-L-2016

TO THE STEERING BOARD OF THE HUMANITARIAN LAW CENTER

INDEPENDENT AUDITOR'S REPORT

Introduction

We have audited the accompanying Balance Sheet of the Humanitarian Law Center as of 31 December 2015 and the related Income statement for the year then ended which are set out on pages 4 to 5 and review of significant accounting policies and other notes. These Financial Statements were prepared by management of the Humanitarian Law Center according to Serbian accounting standards and the legal requirements.

We have also audited the additional financial information prepared by management of the Humanitarian Law Center related to Statements of activities, Cash flow statement and Statement of changes in the accumulated funds which are set out on pages 6 to 8 and Movements of restricted funds which are set out in Annex.

Management's Responsibility for the Financial statements

Management is responsible for the preparation and fair presentation of these Financial statements in accordance with Serbian accounting regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Serbian Law on Auditing, International Standards on Auditing (ISA) and Codex of Ethics for Professional Accountants. These regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement 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 and fair presentation 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

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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.

Positive Opinion

In our opinion, the Financial Statements present fairly, in all material respects, the financial position of Humanitarian Law Center as of 31 December 2015, the results of its operations, cash flows and changes in the accumulated funds for the year then ended, in accordance with accounting regulations of the Republic of Serbia and the Notes on the Financial Statements.

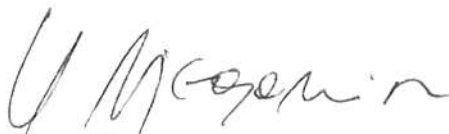
Emphasis of Matter

Without modified our opinion, we draw attention to Note 2.2.15. of this Report describing the uncertainty about the outcome of lawsuits filed against the HLC. The total forecast expenditure (in case of an unfavourable outcome of all ongoing legal disputes) based on the legal disputes is approximately EUR 20,000.

Other Matters

The Financial Statements for the period 1 January 2014 – 31 December 2014 were audited by Codex Audit, Belgrade whose report, dated 2 April 2015, expressed an unqualified (positive) opinion on those Financial Statements.

Auditors' signature:



Name of Auditor signing:

Ljiljana Njegomir, Certified Auditor, Certified Internal Auditor

Auditors' address:

Codex Audit doo, Belgrade 11070,
Bulevar Zorana Đinđića 28/VII/25

Date of signature

2 March 2016

Tender Procedures

In accordance with the Finance Manual tender procedures have to be applied for major purchases. Three offers must be obtained for purchases of goods and services above EUR 1,000. A commission of three employees consisting of the Executive Director, Financial Director and Project Director decides on the selection of the most advantageous bid. Purchases above a value of EUR 5,000 have to be approved by the Board.

Audit Report

The Financial Statements for the period 1 January 2014 – 31 December 2014 were audited by Codex Audit, Belgrade whose report, dated 2 April 2015, expressed an unqualified (positive) opinion on those Financial Statements

4. CONCLUSION

The Financial statements which are set out on page 4 to 8 were prepared by management of the Humanitarian Law Center which are responsible for the preparation and fair presentation of these Financial statements in accordance with Serbian accounting standards and the legal requirements.

We have audited the accompanying Financial statements and review of significant accounting policies and other notes.

Our audit involves performing procedures to obtain audit evidence about the amounts and disclosures in these Financial statements. We have considered the internal control relevant to the preparation and fair presentation of the Financial statements.

We confirmed that the financial position of the HLC, results of operations and the cash flows of the HLC are correctly recorded in the Financial statements. The income and expenses are completely supported by original source documents such as receipt, invoices, delivery notes, contracts, bank statements, cash book and other appropriate documents.

As results of our audit procedures we issue an unqualified (positive) audit opinion on the Financial statements of the HLC as of 31 December 2015.