



To the Steering Board of the Humanitarian Law Center

Independent Auditor's Report

We have audited the accompanying statement of financial position of the Humanitarian Law Center as of 31 December 2017 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 Humanitarian Law Center based on the Accounting Regulations of the Republic of Serbia 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 necessary to enable the preparation of financial statements that 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 risks 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 Humanitarian Law Center as of 31 December 2017 are prepared, in all material respects, in accordance with the Accounting Regulations of the Republic of Serbia and the International Financial Reporting Standards.

Belgrade - München, 16 March 2018



Fabel, Werner & Schnittke GmbH

Thomas Werner
Certified Public Accountant

Petra Jakšić
Accountant



4. Conclusion

The internal control procedures of the Humanitarian Law Center are well established and consistently applied. The organisation was set up in the legal form of a foundation. The Board of Directors is actively involved in major financial and strategic decisions. The results of the meetings are recorded in detailed meeting minutes. The Board members are independent and have no financial benefit from the organisation. Financial and organisational procedures are regulated in detailed internal manuals. All employees have valid employment contracts and job descriptions. The personnel files are orderly kept. The working hours are controlled by a time and attendance system. The Humanitarian Law Center received 31 grants in 2017. All projects are supported by written project agreements. The accounting software is adequate to the needs of a non-profit organisation and integrates the requirements of national accounting and project accounting. The accounting tasks are reasonably allocated between the accounting staff. The documentation is orderly kept and consistently numbered. All expenses are duly authorised. Joint signatory power was agreed upon for the bank accounts of the Humanitarian Law Center. The balances of the bank accounts are regularly controlled by bank reconciliations. Fixed assets are registered in inventory lists. There was a stocktaking of fixed assets by a commission of three employees at year-end. Inventory numbers are tagged to the inventory items. The trips with the organisation's vehicle are recorded in log books. The organisation has a strategic plan and strategic budget for a three-year period. The strategic planning and budgeting is linked to the annual plan and budget. The annual plan and budget are regularly updated.

As a consequence of this analysis the control risk, i.e. the risk that a material misstatement could not be prevented or detected on a timely basis by internal control, was assessed at a low level.

The financial statements prepared at year-end consist of a statement of financial position, a statement of activities, a cash flow statement, a statement of changes in the accumulated funds and a statement of movements of restricted funds. The financial position and the cash flows of the Humanitarian Law Center are correctly recorded in the financial statements. The income and expenses are completely supported by original source documents such as receipts, invoices, delivery notes, contracts, bank statements and cash books. Remaining funds are correctly distinguished between restricted project funds and unrestricted funds.

As result of our audit we issue an unqualified (positive) audit certificate for the financial statements of the Humanitarian Law Center as of 31 December 2017.

