

FINANCIAL STATEMENTS

OF THE OPEN DIALOG FOUNDATION
00-580 WARSZAWA, AL.J.CH. SZUCHA 11A/21

2013

Warsaw, 30.06.2014

INTRODUCTION TO THE FINANCIAL STATEMENTS

General Information

1. The Open Dialog Foundation with its registered office in Warsaw, at al. J.Ch. Szucha 11a/21, 00-580 Warsaw, was established by Paweł Świdorski and Ivan Sherstyuk by the notary deed executed on 9 December 2009, Register A 3938/2009. The Foundation was entered in the National Court Register (KRS) – Register of Associations, Other Community and Professional Organisations, Foundations and Independent Public Health Care Establishments, by decision of the District Court in Lublin, 11th Commercial Division, of 12.04.2010, under number KRS 0000353754. The Foundation was registered by the Tax Office in Lublin, on 17.05.2010, with tax identification number NIP: 7123206033. The Statistical Office assigned statistical identification number REGON: 060615226, PKD (Polish Business Classification) 9499Z – Activities of other membership organisations not elsewhere classified.

The aim of the Foundation's activities is to defend human rights, democracy and the rule of law in post-Soviet territories. The Foundation focuses particular attention on the largest countries of the Community of Independent States: Russia, Ukraine and Kazakhstan.

2. The Financial Statements relate to the period between 01.01.2013 and 31.12.2013.

3. The Financial Statements have been compiled on the 'going concern' basis, with the current assets held as of 31.12.2013, and the income from donations and subsidies projected in 2014, to be used for the purpose of continuation of the Foundation's statutory activities. No circumstances are known which would constitute a threat to the continuity of the Foundation's activities in the following years.

4. The keeping of the accounts is entrusted to Dominik Stacherski who holds the applicable certification, numbered 8537/98, and who engages in business operations to provide bookkeeping services under the name of Open Profit Drejling i Wspólnicy spółka jawna, ul. Strzeszyńska 269, Poznań. The firm has a branch in Warsaw, situated at ul. Chodakowska 12, where the Foundation's accounts are recorded and the accounting documents are kept.

5. The Financial Statements are based on the books of accounts kept during the financial year in accordance with the accepted accounting rules (policy) specifying the following:

- financial year between 1 January and 31 December;
- principles for the valuation of assets and liabilities;
- short-term investment at its nominal values;
- short-term liabilities at their due amounts;
- rules for the keeping of the books of accounts in accordance with the provisions of the Regulation of the Minister of Finance of 15.11.2001 (Dz.U. /Journal of Laws/ No. 137 item 1539) on the Detailed Rules for Bookkeeping for Certain Organisations which do not Engage in Business Operations.

6. The assets and liabilities declared in the balance sheet as at the end of the financial year are calculated using the following valuation methods based on the adopted accounting rules:

- short-term receivables at their due amounts, following the principle of prudence;
- short-term investment at their nominal values;
- short-term payables at their due amounts;
- statutory fund – at its nominal value;
- prepayments and deferred costs at the nominal value of the subsidies received.

The financial result for the financial year comprises all revenue generated and the related expenses, on an accrual basis, and following the principles of commensurability of revenues and expenses, and prudent valuation.

ADDITIONAL INFORMATION AND NOTES

1. ADDITIONAL INFORMATION ON ASSETS

- **Fixed Assets**
 - **Opening figures**

Fixed Asset	2012	Increase	Decrease	2013
Intangible assets	0.00 PLN	0.00 PLN	0.00 PLN	0.00 PLN
Tangible fixed assets	0.00 PLN	0.00 PLN	0.00 PLN	0.00 PLN
Real Estate	0.00 PLN	0.00 PLN	0.00 PLN	0.00 PLN
Plant and machinery	0.00 PLN	0.00 PLN	0.00 PLN	0.00 PLN
Means of transport	0.00 PLN	0.00 PLN	0.00 PLN	0.00 PLN
Other fixed assets	0.00 PLN	0.00 PLN	0.00 PLN	0.00 PLN
Total:	0.00 PLN	0.00 PLN	0.00 PLN	0.00 PLN

- **Redemption:**

Fixed Asset	2012	Increase	Decrease	2013
Intangible assets	0.00 PLN	0.00 PLN	0.00 PLN	0.00 PLN
Tangible fixed assets	0.00 PLN	0.00 PLN	0.00 PLN	0.00 PLN
Real Estate	0.00 PLN	0.00 PLN	0.00 PLN	0.00 PLN
Plant and machinery	0.00 PLN	0.00 PLN	0.00 PLN	0.00 PLN
Means of transport	0.00 PLN	0.00 PLN	0.00 PLN	0.00 PLN
Other fixed assets	0.00 PLN	0.00 PLN	0.00 PLN	0.00 PLN
Total:	0.00 PLN	0.00 PLN	0.00 PLN	0.00 PLN

- **Current Assets**
 - **Short-term receivables**

Description	31.12.2012	31.12.2013
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FINANCIAL STATEMENTS OF THE OPEN DIALOG FOUNDATION FOR 2013

1	Volunteers	0.00 PLN	0.00 PLN
2	Suppliers	59 909.08 PLN	59 909.08 PLN
3	Overpayments under civil-law contracts and contracts of employment	0.00 PLN	0.00 PLN
4	Other related entities	7 028.40 PLN	7 028.40 PLN
5	Polish Bar Council	0.00 PLN	0.00 PLN
	Total:	66 937.48 PLN	66 937.48 PLN

○ Short-term investment

	Description	31.12.2012	31.12.2013
1	Cash at hand	1 101.21 PLN	0.00 PLN
2	Cash in bank (current accounts)	23 662.23 PLN	345 725.17 PLN
	Total:	24 763.44 PLN	345 725.17 PLN

○ Short-term prepayments and deferred costs

	Description	31.12.2012	31.12.2013
1	Insurance policies	0.00 PLN	0.00 PLN
	Total:	0.00 PLN	0.00 PLN

2. ADDITIONAL INFORMATION ON LIABILITIES

● Foundations' own fund

The Foundation's own fund comprises its statutory fund and the financial result for the financial year which is the surplus of revenues over the expenses.

The **financial result** – surplus of the Foundation's revenues over its expenses less the income tax – of **PLN 288,402.08** – shall be allocated to the Foundation's statutory activities.

● Short-term payables

	Description	31.12.2012	31.12.2013
1	Volunteers	0.00 PLN	4 325.04 PLN
2	Suppliers	47 500.67 PLN	57 980.69 PLN
3	Sub-lease of office space	0.00 PLN	13.27 PLN
4	PIT-4 tax return	890.00 PLN	2 615.00 PLN
5	Payroll	10 650.68 PLN	3 640.00 PLN
6	ZUS (social security)	3 131.74 PLN	3 943.27 PLN
7	VAT on the import of services	0.00 PLN	22 939.73 PLN
8	Other payables	37 977.86 PLN	10 047.29 PLN
9	CIT-8 tax return	0.00 PLN	1 862.00 PLN
	Total:	100 150.95 PLN	107 366.29 PLN

● Accruals and deferred income

	Description	31.12.2012	31.12.2013
1	Advance on subsidy to be spent in the following year	0.00 PLN	0.00 PLN
2	Surplus of the subsidy received	0.00 PLN	0.00 PLN
	Total	0.00 PLN	0.00 PLN

3. ADDITIONAL NOTES ON THE INCOME STATEMENT

- **Revenues on statutory activities**

	Description	31.12.2012	31.12.2013
1	Subsidies from public sources – Ministry of Culture and National Heritage	0.00 PLN	20 000.00 PLN
2	Subsidies from public sources – Lublin City Hall	20 000.00 PLN	12 000.00 PLN
3	Local (powiat) authorities in Kraśnik	0.00 PLN	500.00 PLN
4	Polish Bar Council in Warsaw	0.00 PLN	7 156.89 PLN
5	Viestinta Ja Kehitytys - Saatio, Finland	0.00 PLN	2 940.84 PLN
6	Adv D-Vo Negentsova, Kirov i Partnyo, Bulgaria	0.00 PLN	2 661.28 PLN
7	Foundation For Democracy in Russia	24 617.89 PLN	0.00 PLN
8	Petro Kozlovskyy	30 333.10 PLN	960 873.93 PLN
9	Viktor Miroshnikov	0.00 PLN	199 654.69 PLN
10	Andrei Brovchenko Vladimirovich	0.00 PLN	176 353.10 PLN
11	Lyudmyla Kozlovska	0.00 PLN	141 397.46 PLN
12	Agarkov Arkady Evgenievich	0.00 PLN	73 789.51 PLN
13	Bartosz Kramek	175 332.65 PLN	71 907.50 PLN
14	Teneshev Maksim Matveevich	64 457.62 PLN	0.00 PLN
15	Khukhra Viktoriia	0.00 PLN	30 895.28 PLN
16	Dmytro Kalynovskyy	0.00 PLN	13 970.24 PLN
17	Karol Grabiec	0.00 PLN	10 100.00 PLN
18	Medzinarodnyvy Sahradsky Fond	0.00 PLN	5 668.88 PLN
19	Svitlana Kashcheyeva	7 800.00 PLN	5 009.80 PLN
20	Joanna Ewa Zawłocka	3 024.16 PLN	0.00 PLN
21	Mirosław Franelak	3 000.00 PLN	0.00 PLN
22	Friends of Yad Vashem Har Hazicaron	2 125.67 PLN	0.00 PLN
23	Unidentified donor	2 059.55 PLN	0.00 PLN
24	Laniya Vinyavskaya	1 850.00 PLN	0.00 PLN
25	Podobedov Dmitriy Sergeevich	0.00 PLN	1 614.23 PLN
26	Marcin Świącicki	0.00 PLN	1 986.15 PLN
27	Michał Jaros	0.00 PLN	1 008.40 PLN
28	Tomasz Makowski	0.00 PLN	1 008.40 PLN
29	Paweł Świdorski	1 000.00 PLN	1 000.00 PLN
30	Jolanta Kosidło	0.00 PLN	200.00 PLN
	Total:	335 600.64 PLN	1 741 696.58 PLN

- **Other operating revenue**

	Description	31.12.2012	31.12.2013
1	Small round-ups	0.00 PLN	2.19 PLN
2	2011 financial result – adjustments in 2013	0.00 PLN	5 921.04 PLN
3	Cross-posting of settlement balances in the settlements with K.Grabiec and L.Kozlovska.	28 139.16 PLN	0.00 PLN
	Total	28 139.16 PLN	5 923.23 PLN

- **Financial revenue**

	Description	31.12.2012	31.12.2013
1	Interest accrued from bank account	2.96 PLN	0.02 PLN

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2	Positive realised exchange rate differences	325.24 PLN	38 210.17 PLN
3	Negative unrealised exchange rate differences	2 650.42 PLN	5 712.43 PLN
	Total	2 978.62 PLN	43 922.62 PLN

• **Costs of statutory activities**

	Description	31.12.2012	31.12.2013
1	Office supplies, small office appliances	0.00 PLN	5 358.28 PLN
2	Translation	0.00 PLN	126 780.19 PLN
3	Advisory services	0.00 PLN	104 236.38 PLN
4	Other services	210 990.18 PLN	14 808.20 PLN
5	Fees – civil-law contracts	74 328.53 PLN	31 653.48 PLN
6	Business trips – air, rail tickets	0.00 PLN	410 140.83 PLN
7	Business trips – hotels	0.00 PLN	247 350.87 PLN
8	Business trips – taxis, local transport	0.00 PLN	36 371.84 PLN
9	Business trips – restaurants	0.00 PLN	42 183.15 PLN
10	Business trips – per diems	0.00 PLN	34 024.86 PLN
11	Business trips – other costs	48 662.91 PLN	15 667.19 PLN
12	Representation	0.00 PLN	45.00 PLN
13	Grants for individuals	55 761.98 PLN	65 254.65 PLN
14	Grants for cultural activities/exhibitions	0.00 PLN	49 790.07 PLN
15	Co-funding of a trip to Kiev for the Association	0.00 PLN	1 200.00 PLN
16	Other costs	156 852.93 PLN	0.00 PLN
	Total	546 596.53 PLN	184 864.99 PLN

• **Administrative expenses**

	Description	31.12.2012	31.12.2013
1	Materials and energy	477.95 PLN	1 617.59 PLN
2	Postal and courier services	0.00 PLN	426.90 PLN
3	IT services	0.00 PLN	5 326.56 PLN
4	Telecommunication services	0.00 PLN	13 127.31 PLN
5	Bookkeeping services	0.00 PLN	24 845.88 PLN
6	Banking costs	0.00 PLN	4 511.45 PLN
7	Other services	2 173.13 PLN	664.27 PLN
8	Taxes and levies, including VAT payables	215.30 PLN	28 592.80 PLN
9	Payroll – contracts of employment	2 520.00 PLN	73 915.94 PLN
10	Social security and other benefits	0.00 PLN	16 206.91 PLN
11	Other costs	31 197.90 PLN	0.00 PLN
	Total	36 584.28 PLN	169 235.61 PLN

• **Other operating expenses**

	Description	31.12.2012	31.12.2013
1	Interest	0.00 PLN	0.03 PLN
2	Costs of treasury interest and attachment by court enforcement officers	0.00 PLN	2 503.40 PLN
3	Write-off of differences and round-ups	0.00 PLN	47.48 PLN
4	Transfer of 2012 financial result after adjustment	0.00 PLN	129 865.42 PLN
5	Transfer of 2011 financial result	38 246.28 PLN	0.00 PLN
	Total	38 246.28 PLN	132 416.33 PLN

• **Financial expenses**

FINANCIAL STATEMENTS OF THE OPEN DIALOG FOUNDATION FOR 2013

	Description	31.12.2012	31.12.2013
1	Budgetary interest	0.00 PLN	5 141.73 PLN
2	Bank interest	0.00 PLN	1.12 PLN
3	Positive realised exchange rate differences	0.00 PLN	9 020.56 PLN
4	Negative unrealised exchange rate differences	0.00 PLN	598.01 PLN
5	Bank commissions, interest	9 266.33 PLN	0.00 PLN
	Total:	9 266.33 PLN	14 761.42 PLN

• **Income statement structure**

	Description	2012	2013
	Revenue	607 243.39 PLN	1 791 540.58 PLN
	Expenses	630 693.42 PLN	1 501 276.50 PLN
	Surplus of revenue over expenses	0.00 PLN	290 264.08 PLN
	Surplus of expenses over revenues	-23 450.03 PLN	0.00 PLN

4. PRINCIPAL ITEMS DISTINGUISHING BETWEEN THE BASE FOR TAXATION WITH INCOME TAX AND THE GROSS FINANCIAL RESULT

	Description	2012	2013
I	Revenue declared in the income statement	607 243.39	1 791 542.43
-	Surplus of revenue over expenses from previous year		5 921.04
-	Subsidies received in previous year to be expended in current year		
-	Subsidies received in previous year to be expended in following year		
-	Non-taxable revenue		5 712.43
	Taxable revenue	607 243.39	1 779 908.96
II	Costs declared in the income statement	630 693.42	1 501 278.35
-	Surplus of expenses over revenue from previous year	38 246.28	129 865.42
-	Non-taxable expenses		691.45
-	Interest and budgetary costs paid		9 704.92
	Cost of revenue	592 447.14	1 361 016.56
III	Income according to the Act on Corporate Income Tax	14 796.25	418 892.40
IV	Tax-exempt income (revenue) of which:		409 094.04
	Exempt income (revenue) (Article 17(1)(4))	14 796.25	409 094.04
V	Taxable revenue		9 798.36
VI	Income tax		1 862.00

The Foundation opts for corporate income tax exemption under Article 17(1)(4) of the Act on Corporate Income Tax – in the section pertaining to statutory activities.

5. ADDITIONAL INFORMATION AND NOTES

- Average annual employment under contracts of employment in the financial year was:
2012 – 1.58

2013 – 2.00

The Foundation employed staff as eastern project coordinators and a specialist in eastern communications / journalist to pursue its statutory aims.

Gross pay under contracts of employment was:

2012 – 52,013.20 PLN

2013 – 73,915.94 PLN

- The members of the Foundation’s Executive Board and Council were not paid for the performance of their functions.
- The Foundation did not give guarantees, collaterals, and had no contingent liabilities.
- No contracts exist which are not included in the balance sheet.
- The Foundation did not give loans or benefits to persons who are members of its governing bodies.
- After the balance sheet date, there were no material events which were not included in the financial statements.

In the 2013 financial statements, adjustments of revenues and expenses of previous years were made. The amounts of the adjustments for the particular years were as follows:

1. Total adjustments of revenues concerning 2011 financial year of which:

1.959.43 PLN

1.1. Revenues on statutory activities – exchange rate adjustments	1 239.89 PLN
1.2. Financial revenues – exchange rate differences	719.54 PLN

2. Total adjustments of expenses concerning 2011 financial year of which:

3.961,61 PLN

2.1. Cost of statutory activities – translation, exchange rate adjustments, reversing entries	-4 087.52 PLN
2.2. Administrative expenses – exchange rate adjustments	0.42 PLN
2.3. Financial expenses – exchange rate differences	125.49 PLN

3. Total adjustments of revenues concerning 2011 financial year of which:

27 525.72 PLN

3.1. Revenues on statutory activities – exchange rate adjustments	26 069.04 PLN
3.2. Financial revenues – exchange rate differences	1 456.68 PLN

4. Total adjustments of costs concerning 2011 financial year of which:

133 941.11 PLN

4.1. Cost of statutory activities – translation, exchange rate adjustments, reversing entries	47 784.02 PLN
4.2. Cost of statutory activities – fees relating to the Theatre Festival “Pieśń z oczu”	16 789.00 PLN
4.3. Cost of statutory activities – other, exchange rate adjustments	360.18 PLN
4.4. Administrative expenses – office supplies, exchange rate adjustments	3 251.07 PLN
4.5. Administrative expenses – VAT due on the import of services	36 140.89 PLN
4.6. Financial expenses – exchange rate differences	1 475.73 PLN
4.7. Other operating expenses – 2012 reversing entries	28 140.22 PLN

Warsaw, 30 June 2014

/signed/
 Dominik Stacherski
 (person responsible for keeping
 the books of accounts)

/signed/
 Lyudmyla Kozlovska
 (President of the Board)

OPEN PROFIT

Spółka Jawna
 ul. Strzeszyńska 269, 60-479 Poznań
 NIP: PL 9721086249 REGON: 634580877

BALANCE SHEET AS OF 31.12.2013

Balance sheet made in accordance with the Annex to the Regulation of the Minister of Finance of 15.11.201
(Dz.U. /Journal of Laws/ No. 137, item 1539)

Assets		As at		Liabilities		As at:	
1	2	2012	2013	1	2	2012	2013
A	Fixed assets			A	Own funds	- 8 450.03	303 402.08
I	Intangible assets			1	Statutory fund	15 000.00	15 000.00
II	Tangible fixed assets			II	Revaluation fund		
III	Long-term receivables			III	Net financial result for the financial year	- 23 450.03	288 402.08
IV	Long-term investment			1	Surplus of revenue over expenses (positive figure)		288 402.08
V	Long-term prepayments and deferred costs			2	Surplus of expenses over revenue (negative figure)	- 23 450.03	
B	Current assets	84 977.96	410 768.37	B	Payables and provisions for payables	93 427.99	107 366.29
I	Tangible fixed assets in stock			I	Long-term loans and credits		
II	Long-term receivables	60 214.52	65 043.20	II	Short-term payables and special funds	93 427.99	107 366.29
III	Other financial assets	24 763.44	345 725.17		Credits and loans		
1	Cash	24 763.44	345 725.17	2	Other payables	93 427.99	107 366.29
2	Other financial assets			3	Special funds		
C	Short-term accruals and deferred income			III	Provisions for payables		
				IV	Prepaid and accrued expense		
				1	Accruals and deferred income		
				2	Other prepaid and accrued expense		
	Balance sheet total	84 977.96	410 768.37		Balance sheet total	84 977.96	410 768.37

Warsaw, 30 June 2014

/signed/
Dominik Stacherski
(person responsible for keeping
the books of accounts)

/signed/
Lyudmyla Kozlovska
(President of the Board)

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INCOME STATEMENT FOR THE PERIOD 01.01.2013 – 31.12.2013

Income statement produced in accordance with the Annex to the Regulation of the Minister of Finance of 15.11.201 (Dz.U. /Journal of Laws/ No. 137, item 1539)

1	2	3	4
A	Revenue from statutory activities	576 125.61	1 741 696.58
I	Gross statutory contributions		
II	Other statutory revenue	576 125.61	1 741 696.58
B	Costs of statutory tasks	546 596.53	1 184 864.99
C	Financial result on statutory activities (positive or negative figure) (A-B)	29 529.08	556 831.59
D	Administrative expenses	36 584.28	169 235.61
1	Consumption of materials and energy	477.95	1 617.59
2	Third-party services	2 173.13	48 902.37
3	Taxes and charges	215.30	28 592.80
4	Payroll and social security and other allowances	2 520.00	90 122.85
5	Depreciation	-	-
6	Other	31 197.90	-
E	Other revenue (not listed in A and G)	28 139.16	5 923.23
F	Other expenses (not listed in B, D and H)	38 246.28	132 416.33
G	Financial revenue	2 978.62	43 922.62
H	Financial expenses	9 266.33	14 761.42
I	Gross financial result on all activities (positive or negative figure) (C-D+E-F+G-H)	23 450.03	290 264.08
J	Extraordinary profits and losses		
I	Extraordinary profits – positive figure		
II	Extraordinary losses – negative figure		
K	Total financial result (I+J)	23 450.03	290 264.08
L	Income tax		1 862.00
Ł.	Net financial result	23 450.03	288 402.08
I	Difference of increase in expenses in the following year (negative figure)	23 450.03	
II	Difference of increase in revenue in the following year (positive figure)		288 402.08

Warsaw, 30 June 2014

/signed/
 Dominik Stacherski
 (person responsible for keeping
 the books of accounts)

/signed/
 Lyudmyla Kozlovska
 (President of the Board)

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