



OPEN DIALOGUE

Open Dialogue Foundation
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Poland

Warsaw, 31 March 2019

FINANCIAL STATEMENTS

OPEN DIALOGUE FOUNDATION

00-580 WARSZAWA, AL. J. CH. SZUCHA 11A/21

ADDITIONAL INFORMATION AND EXPLANATIONS (NOTES)

FOR THE 2018 FINANCIAL YEAR

INTRODUCTION TO THE FINANCIAL STATEMENTS

General information

1. Full legal name, legal seat and registered address or place of residence, the core business of the entity and its registration number

Fundacja Otwarty Dialog [Open Dialogue Foundation], with its legal seat in Warsaw, registered address: al. J. Ch. Szucha 11a/21, 00-580 Warszawa, founded by Paweł Świdorski and Ivan Sherstyuk on 9 December 2009 (Notarial Reference: A 3938/2009).

The foundation was entered in the National Court Register / Register of Associations, Other Social and Professional Organisations, Foundations and Independent Public Healthcare Providers, based on a decision issued by the District Court in Lublin, 11th Division of the National Court Register, on 12 April 2010. The KRS registration number is 0000353754. On 17 May 2010, the foundation was registered for tax purposes by the Lublin tax office. Its NIP (Tax Reg. No.) is 7123206033. The foundation is also registered for statistical purposes with the Polish national statistics office. The registration number (REGON) is 060615226 (activity code: 9499Z (Polish Classification of Activities): activities of other membership organisations n.e.c.).

The foundation works to defend human rights, democracy and the rule of law in the post-Soviet states. Special attention is given to the largest countries of the post-Soviet region, i.e. Russia, Ukraine, Kazakhstan and Moldova.

2. Duration of the company's activity, if it is limited

The duration of the foundation is perpetual.

3. Reporting period (period covered by these financial statements)

These financial statements cover the period from 1 January 2018 to 31 December 2018.

4. Indication that the financial statements contain aggregated data if the entity includes internal organisational units that prepare separate financial statements

The foundation does not prepare consolidated financial statements.

5. Indication whether the financial statements have been prepared based on the assumption that the entity will continue its business activity in the foreseeable future and whether there are any circumstances indicating a threat to the continuity of its activity

These financial statements have been prepared on an ongoing concern basis, and the foundation will continue its activity using its current assets as at 31 December 2018 and expected donations and subsidies or grants in 2019. The foundation is not aware of any circumstances that might threaten the continuity of its activity in the years to come.

6. If the financial statements are prepared for a period during which a business combination occurred, please indicate that these financial statements were prepared after the business combination and indicate the applied method of accounting for the combination (acquisition or uniting of interests)

Not applicable

7. An overview of the adopted accounting policies, including methods of measurement of assets and liabilities (including depreciation), determination of the profit (loss) and the method of preparation of the financial statements to the extent that the entity has the statutory right to make a choice

The foundation's books of account are kept by Ms Magdalena Pietrzak (Licence No. 26800/01), a sole trader providing accounting services under the name Adiutor Magdalena Pietrzak (address: ul. Pirenejska 2C, Warsaw). The foundation's accounting documents are recorded and stored at the above address.

These financial statements are based on the foundation's books of account maintained in the reporting (financial) year in accordance with the foundation's documented accounting policy (principles) where

- the financial year is stated as the period from 1 January to 31 December;
- the principles of measurement of assets and liabilities are adopted;
- the principles of keeping the foundation's books of account in accordance with the Polish Accounting Act of 29 September 1994 (as amended) are adopted. These financial statements are prepared in accordance with the regulations effective on 31 December 2018.

The assets and liabilities presented in the balance sheet at the end of the financial year have been measured using the following methods in accordance with the accounting principles (policy) adopted by the foundation:

- short-term receivables are measured at the amount due, in accordance with the prudence principle;
- short-term investments are measured at the nominal value;
- short-term accounts payable are measured at the amount due;
- the fund stated in the foundation's Articles is measured at the nominal value;

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- deferred income is measured at the nominal value of the subsidies / grants received by the foundation.

The profit (loss) for the reporting financial year includes all of the foundation's revenue and the related costs, in accordance with the accrual, matching and prudence principles.

ADDITIONAL INFORMATION AND EXPLANATIONS (NOTES)

1. SUPPLEMENTARY INFORMATION RELATING TO ASSETS

- **Fixed assets**

1) **A detailed discussion of changes in the value of groups of assets (by type), intangible assets and long-term investments, indicating the value of such assets at the beginning of the financial year, increases and decreases in the value of such assets as a result of revaluation, purchases, disposal, internal movements, and the value of such assets at the end of the financial year; and a similar discussion (incl. values and reasons for changes) for depreciated (amortised) assets**

- **Initial values**

Description	2017 (PLN)	Increase (PLN)	Decrease (PLN)	2018 (PLN)
Intangible assets	0.00	0.00	0.00	0.00
Tangible fixed assets	0.00	0.00	0.00	0.00
Real estate	0.00	0.00	0.00	0.00
Machines and apparatus for general use	0.00	0.00	0.00	0.00
Vehicles	0.00	0.00	0.00	0.00
Other fixed assets	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

- **Depreciation**

Description	2017 (PLN)	Increase (PLN)	Decrease (PLN)	2018 (PLN)
Intangible assets	0.00	0.00	0.00	0.00
Tangible fixed assets	0.00	0.00	0.00	0.00
Real estate	0.00	0.00	0.00	0.00
Machines and apparatus for general use	0.00	0.00	0.00	0.00
Vehicles	0.00	0.00	0.00	0.00
Other fixed assets	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

2) **revaluation write-downs recognised during the financial year in respect of fixed assets, separately for long-term non-financial assets and long-term financial assets: N/A**

3) **the amount of costs of completed development work and the amount of goodwill, plus the writing-down period as provided for in Section 33(3) and Section 44b(10) respectively: N/A**

4) **the value of land under perpetual usufruct: N/A**

5) the value of fixed assets not subject to depreciation used on the basis of rental agreements, leases and other contracts, including lease agreements (*umowa leasingu*): The foundation is a sublessee of an office in Warsaw (al. Szucha 11a/21), the annual cost of which is PLN 12.00, and a lessee of an office in Brussels, which cost the equivalent of PLN 67,070.05 in 2018.

6) The number and value of the securities or rights held by the entity, including participation certificates, convertible debt securities, warrants and options, indicating the rights they provide

N/A

7) information on revaluation write-downs for receivables, indicating the balance at the beginning of the financial year, increases, amounts used or reversed, and the balance at the end of the financial year

N/A

- **Current assets**

- **Short-term receivables**

Description	31 December 2017 (PLN)	31 December 2018 (PLN)
1 Accounts payable to volunteers	5,647.46	0.00
2 Accounts payable to suppliers and receivable from customers	78,076.64	29,761.92
3 Accounts payable to employees	21,272.80	757.08
4 Security deposits paid	9,203.22	11,514.15
5 Receivables claimed at court	30,386.00	0.00
6 Receivables from the government	33,412.94	442.00
7 Other accounts payable/receivable to be explained	405.58	121.00
Total	178,404.64	42,596.15

- **Short-term investments**

Description	31 December 2017 (PLN)	31 December 2018 (PLN)
1 Cash in hand	92.88	92.88
2 Cash at bank (in bank accounts)	0.00	41,777.37
Total	92.88	41,870.25

2. SUPPLEMENTARY INFORMATION RELATING TO LIABILITIES

8) Information on the ownership structure of the share capital and the number and nominal value of the subscribed shares, including preference shares

- **Foundation's own funds**

The foundation's own funds include the fund stated in the foundation's Articles and the profit for the reporting financial year (i.e. the amount by which the revenue exceeded the costs).

9) Balance as at the beginning of the financial year, increases and amounts used, and the balances of the supplementary (funds), reserve funds and revaluation reserve at the end of the financial year, unless the entity prepares statements of changes in equity (own funds)

N/A

10) Proposed distribution of the profit or coverage of loss for the financial year

The foundation's profit, i.e. the amount by which the revenue exceeded the costs, less income tax (PLN 70.00), i.e. **PLN 60,034.97 (net profit)**, will be used to offset (cover) the foundation's loss for 2017.

11) Information on the balance of provisions by purpose at the beginning of the financial year, increases, amounts used, termination and the balance at the end of the financial year

N/A

12) long-term liabilities broken down according to balance-sheet items, with the time remaining from the balance sheet date to the due date being

a) up to 1 year

b) over 1 year to 3 years

c) over 3 years to 5 years

d) over 5 years

The foundation has no long-term liabilities.

• Short-term liabilities

Description	31 December 2017 (PLN)	31 December 2018 (PLN)
1 Accounts payable to volunteers	13,115.42	0.00
2 Accounts payable to suppliers	111,911.04	53,883.26
3 Accounts payable for subleased office space	14.76	0.00
4 PIT-4 tax payable	0.00	1,434.00
5 Salaries payable	40,730.43	21,385.06
6 National insurance contributions payable	64,704.04	9,691.66
7 Other amounts payable to employees	36.81	36.81
8 Other accounts payable/receivable	45,141.39	1,821.75
9 CIT-8 tax payable	0.00	70.00
10 Loans	28,900.00	8,301.58
Total	304,553.89	96,624.12

13) The total amount of liabilities secured on the assets of the entity, specifying the nature and form of such assets: None

14) A list of significant deferred and accrued expenses, including the amount of deferred expenses being the difference between the value of financial assets received by the entity and the required payment for such assets

o **Short-term prepayments and accruals**

Description	31 December 2017 (PLN)	31 December 2018 (PLN)
1 Insurance policies	0.00	742.88
2 <i>Gazeta Wyborcza</i> newspaper subscription fee	0.00	29.90
3 European Policy Centre membership fees	734.63	0.00

o **Deferred income**

None

15) If an asset or a liability is presented under more than one balance-sheet item, the link between the different items must be explained, particularly whether the asset or liability is a short-time or long-term item.

None.

16) the total amount of contingent liabilities, including guarantees and sureties (including in respect of promissory notes) provided by the entity, not presented in the balance sheet, specifying the liabilities secured on the entity's assets and the nature and form of such assets; plus information on the entity's contingent liabilities regarding retirement pensions and similar benefits, i.e. such amounts owed to related parties or affiliates

None.

17) where financial instruments and/or assets other than financial instruments are measured at fair value:

a) significant assumptions adopted to determine the fair value, in the case when the data adopted to determine this value are not taken from an active market,

b) for each category of a non-financial asset – the fair value presented in the balance sheet as well as the effects of revaluation recognised in financial revenue or financial costs, or transferred to the entity's revaluation reserve in the reporting period;

c) a table of changes in the revaluation reserve, covering the capital (fund) at the beginning and at the end of the reporting period and its increases and decreases during the financial year

None.

3. EXPLANATORY NOTES TO THE PROFIT AND LOSS ACCOUNT

3.1. Revenue structure

- Revenue from activities stated in the Articles

LARGEST DONORS	31 December 2017 (PLN)	31 December 2018 (PLN)
INSTITUTIONAL DONORS	663,790.82	1,282,998.58
1 Google Ireland Ltd (provision of online services)	250,688.02	324,558.17
2 Silk Road Biuro Analiz i Informacji sp z o.o.	390,465.23	876,319.01
3 The Farm 51 Group S.A.	19,532.38	0.00
4 Ternopil Foundation	3,000.00	0.00
5 Italian Federation for Human Rights	0.00	82,121.40
6 Local Initiative Centre in Zawiercie	85.00	0.00
INDIVIDUAL DONORS	63,936.30	16,862.80
1 Bartosz Kramek	13,809.87	9,562.80
2 Lyudmila Kozlovska	38,552.65	0.00
3 Jakub Mościcki	9,063.78	0.00
4 Natalia Panchenko	1,320.00	0.00
5 Ewa Mościcka	730.00	0.00
6 Marzena Jaworska	220.00	0.00
7 Mateusz Kramek	100.00	0.00
8 Stephen Muers	100.00	0.00
9 Lilia Baluk	0.00	6,150.00
10 Mikołaj Ciukij	0.00	550.00
11 Dmytro Tamas	0.00	500.00
12 Przemysław Kobylński	0.00	100.00
13 Pawel Hubert Dębski	40.00	0.00
OTHER DONORS (not named above; identification limitations)	20.19	0.00
1 small payments and donations	20.19	0.00
2 fundraising events (as defined by the Act on Fundraising Events)	0.00	0.00
Activities stipulated in the Articles, carried out for payment	0.00	0.00
1 medical project (study visits in Poland)	0.00	0.00
Total revenue from activities stipulated in the Articles	727,727.12	1,299,861.38

In 2018, the foundation organised no public fundraising events (within the meaning of the Act of 14 March 2014 on Public Fundraising Events).

The total revenue (donations) from the foundation's activities stated in the Articles is PLN 975,303.21.

- **Revenue from business activities**

Description	31 December 2018 / (PLN)		
	Poland	Abroad	Total
1 Advisory and recruitment services	0.00	0.00	0.00
2 Training services	0.00	0.00	0.00
Total	0.00	0.00	0.00

Description	31 December 2017 / (PLN)		
	Poland	Abroad	Total
1 Advisory and recruitment services	0.00	2,701.36	2,701.36
2 Training services	128,510.98	0.00	128,510.98
Total	128,510.98	2,701.36	131,212.34

- **Other operating revenue**

Description	31 December 2017	31 December 2018
	(PLN)	(PLN)
1 PIT-4 tax paid directly by L. Kozlovska	25,444.60	0.00
2 Derecognised differences from closed bank accounts	116.37	0.00
Total	25,560.97	0.00

- **Financial revenue**

Description	31 December 2017	31 December 2018
	(PLN)	(PLN)
Interest on cash held in a bank		
1 Account	9.23	4.86
2 Realised foreign exchange gains	102.14	6.80
3 Unrealised foreign exchange gains	5.45	0.00
TOTAL	116.82	11.66

3.2. Cost structure

- **Costs of activities stipulated in the foundation's Articles**

Description	31 December 2017 (PLN)	31 December 2018 (PLN)
1 Office supplies, small office equipment/accessories	40.00	2,462.85
2 Cost of office utilities (electricity, water)	0.00	0.00
3 Translation/interpreting services	33,991.31	129,878.07
4 Legal services	0.00	163,942.94
5 Other services (cleaning, transport, telecom, bank costs, insurance)	1,948.23	41,385.12
6 Internet services (Google)	250,688.02	324,558.17
7 Salaries paid to employees	83,903.20	32,745.57
8 Payments under civil-law contracts	181,825.22	119,530.86
9 Employer's national insurance contributions (employees)	17,292.46	8,601.60
10 Employer's national insurance contributions (civil-law contracts)	27,252.48	9,895.29
12 Business travel: air tickets	97,702.40	132,480.25
13 Business travel: hotels	18,487.71	19,724.82
14 Business travel: taxis, local transport	156.07	0.00
15 Business travel: restaurants	1,551.26	0.00
16 Business travel: daily allowances	0.00	720.54
17 Business travel: rail tickets and taxis	0.00	19,050.51
19 Representation	0.00	6,847.19
20 Scholarships/grants	9,007.04	0.00
21 Taxes and charges	1,852.26	0.00
22 Donation to <i>Hromadska Spilka (Fundatsyya Vidkrytyy Dialoh)</i>	0.00	116,185.08
Total	725,697.66	1,128,009.08

The above costs of business travel are the costs of various business trips in Poland and to the following countries: Ukraine, France, Belgium, Italy, Switzerland, Germany, Austria and the UK.

- **Administrative costs**

Description	31 December 2017 (PLN)	31 December 2018 (PLN)
1 Consumption of materials and energy	0.00	3,583.54
2 Postal and courier services	4.20	0.00
3 IT services + GoCloud server	9,115.32	15,930.18
4 Telecom services	4,428.70	786.79
5 Accounting services	30,036.34	22,234.71
6 Bank costs	2,007.00	1,010.01
7 Brussels office rental	38,373.68	67,070.05
8 Taxes and charges, including VAT	1,852.26	250.00
Total	85,817.50	110,865.28

- **Other operating costs**

Description	31 December 2017 (PLN)	31 December 2018 (PLN)
1 Costs of attachment by court bailiff	3,226.54	0.00
2 Derecognised differences and amounts rounded off	65.40	428.68
3 Profit (loss) for previous year	116,528.36	0.00
4 Other accounting and legal costs	24,544.66	0.00

Total	144,364.96	428.68
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- **Financial costs**

Description	31 December 2017 (PLN)	31 December 2018 (PLN)
1 Statutory interest paid to the government	2,653.06	465.03
2 Bank interest, interest paid to suppliers	9.91	0.00
3 Realised foreign exchange losses	261.18	0.00
Total	2,924.15	465.03

- **P&LA structure**

Description	31 December 2017 (PLN)	31 December 2018 (PLN)
1 Revenue	884,617.25	1,299,873.04
2 Costs	971,037.16	1,239,768.07
3 Amount by which revenue exceeds costs	-86,419.91	60,104.97

4. SUMMARY OF THE MAIN ITEMS AMOUNTING TO THE DIFFERENCE BETWEEN THE TAX BASE FOR INCOME TAX AND GROSS PROFIT

Description	31 December 2017 (PLN)	31 December 2018 (PLN)
I Revenue presented in the profit and loss account	884,617.25	1,299,873.04
- Amount by which revenue exceeded costs in the previous year	-	-
- Subsidies/grants received in the previous years (used in the reporting year)	-	-
- Subsidies/grants received in the previous years (to be used in the following year)	-	-
- Non-tax revenue	-	-
- Off-balance sheet tax revenue (lease of space at 63 Nowy Świat, gratuitous)	-	-
Taxable revenue	884,617.25	1,299,873.04
II Costs presented in the profit and loss account	971,037.16	1,239,768.07
- Salaries not paid and business travel allowances	-	3,928.68
- Non-tax costs	147,747.17	116,185.30
- Interest and costs paid to the government	-	463.49
Tax-deductible costs	823,289.99	1,119,190.60
III Income (according to the Polish Corporation Tax Act)	61,327.26	180,682.44
IV Tax-free income (revenue), including	61,327.26	180,682.44
Tax-free income (revenue) (Section 17(1)(4))	61,327.26	180,682.44
V Costs not related to activities stipulated in the Articles	-	464.00
VI Corporation tax	-	70.00

The foundation is exempt from income tax under Section 17(1)(4) of the Polish Corporation Tax Act, to the extent of income used for activities stipulated in the Articles.

1. For those items in the financial statements which are presented in foreign currencies, the exchange rates applied for the measurement of such items.

For balance-sheet measurement purposes, the average exchange rates of the National Bank of Poland (Table 252/A/NBP/2018 of 31 December 2018) are used.

USD	3.7597
EUR	4.3000

RUB	0.0541
CAD	2.7620
GBP	3.7895
HRK	0.5799

2. Explanation of the cash flow structure adopted in the cash flow statement, and if the cash flow statement is prepared using the direct method, additionally, reconciliation of the net cash flows from operating activities, prepared using the indirect method; the reasons for any differences between changes in certain balance-sheet items and changes in the same items as presented in the cash flow statement must be explained.

The foundation is not required to prepare a cash flow statement.

5. ADDITIONAL INFORMATION AND EXPLANATIONS

- The average annual number of employees under contracts of employment in the reporting (financial) year was:
2017: 1.00
2018: 1.00

Positions held by the foundation's employee(s): Eastern Project Coordinator

The total amount of gross salaries under contracts of employment was:

2017: PLN 83,903.20
2018: PLN 29,245.57

- The number of people hired under civil-law contracts in the reporting (financial) year was:
2017: 43 contracts, 14 suppliers/contractors
2018: 14 contracts, 6 suppliers/contractors

The total amount of gross payments made under civil-law contracts was:

2017: PLN 181,825.22
2018: PLN 119,530.86

- No members of the foundation's Management Board or Council received any payments for their work.

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- The foundation issued no guarantees or sureties and has no contingent liabilities.
 - The foundation is not party to any contract or agreement not presented in the balance sheet.
 - The foundation made no loans and paid no benefits to any member of governing bodies.
 - The foundation made no payments and is not required to make any payments to a statutory auditor or any entity licensed to audit financial statements for the reporting (financial) year.
 - After the balance sheet date, there were no material events not reflected in the financial statements.
 - No changes in the foundation's accounting policy were made.
 - The foundation is not a member of any joint undertaking within the meaning of the Polish Accounting Act.
 - The foundation is not required to prepare consolidated financial statements.
 - No adjustments for previous years were made in the 2018 financial year.

Warsaw, 31 March 2019

.....
Magdalena Pietrzak
(Person responsible for bookkeeping)

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Lyudmyla Kozlovska
(President of the Management Board)