



INDEPENDENT CERTIFIED AUDITOR'S OPINION

for the General Assembly

from the audit of the financial statements

of Koalicja KARAT Association

with its registered seat in Warsaw, ul. Walecznych 26 m. 5

for the financial year 2012

1. We have audited the accompanying financial statements of Koalicja KARAT Association with its registered seat in Warsaw, ul. Walecznych 26 m. 5, for the financial year 2012, which comprise:

- 1) the introduction to the financial statements,
- 2) the balance sheet as at 31.12.2012, with total assets and total liabilities and equity of **PLN 704,731.74**
- 3) the profit and loss account for the financial year beginning on 01.01.2012 and ending on 31.12.2012, showing a profit of **(+) PLN 73,967.20**
- 4) supplementary information and explanations.

The Board of the Association is responsible for preparing the financial statements in accordance with applicable laws.

The Board of Directors and the members of the supervisory body are obliged to guarantee that the financial statements of the Association comply with the requirements laid down by the Accounting Act of 29 September 1994 (Journal of Laws of 2009 No. 152, item 1223, as amended), hereinafter the "Accounting Act".

Our responsibility was to audit and express an opinion on compliance of that financial statements with the required accounting policies and determine whether they give, in all material respects, a fair and clear view of the financial position and results of operations of the Association, and on the correctness of the underlying books of account.

2. We conducted our audit in accordance with the following provisions:

- 1) chapter 7 of the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws of 2002, No. 76, item 694, as amended),
- 2) national standards on auditing, established by the National Board of Certified Auditors,
- 3) the Association's articles of association.

We planned and performed our audit to obtain reasonable assurance, enabling us to express an independent opinion on these financial statements. The audit in the first instance included examining the correctness of the adopted accounting policies applied by the Company and mate-

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rial estimates, examining, mainly on a test basis, the accounting documents and entries in the books of account supporting the amounts and disclosures in the financial statements, and overall evaluation of these financial statements. We believe that our audit provided a reasonable basis for an informed opinion on the financial statements.

3. In our view, the audited financial statements, including numbers and written explanations:

- 1) present all information relevant to the assessment of the financial position of the audited Association as at 31.12.2012, as well as of the financial result for the financial year from 01.01.2012 to 31.12.2012,
- 2) have been drawn up, in all material aspects, in accordance with the principles specified in the said Act and accounting principles (policy) adopted by the company, and are based on properly maintained books of accounts,
- 3) comply, in form and content, with the relevant laws applicable to the Association and its statutes.

Warsaw, 17.06.2013

Key
Statutory Auditor
(conducting audit on behalf of
Registered Audit Company)

Janusz Wisłowski
(Registry No. 10727)



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REPORT

ON THE FINANCIAL STATEMENTS

of KOALICJA KARAT ASSOCIATION

with its registered office in Warsaw, ul. Walecznych 26 m. 5

FOR THE FINANCIAL YEAR 2012

A. GENERAL DESCRIPTION OF AUDITED ENTITY

1. The audit of the financial statements has been carried out in accordance with the provisions of the contract 506/B/13 dated 21.05.2013, concluded between Koalicja Karat Association seated in Warsaw (03-916), ul. Walecznych 26 m. 5 and PERFECTUM-AUDIT Doradcy Finansowo-Księgowi, Spółka z o. o. seated in Warsaw, Al. Komisji Edukacji Narodowej 98, and covered:

- 1) the introduction to the financial statements,
 - 2) the balance sheet prepared as at 31.12.2012, with total assets and total liabilities and equity of
PLN 704,731.74
 - 3) profit and loss account for the financial year from 01.01.2012 to 31.12.2012, showing an excess of income over costs of
(+) PLN 73,967.20
 - 4) supplementary information and explanations,
- in addition, we audited:
- 5) accounting documents and books of accounts on the basis of which the financial statements were prepared.

As a rule, the audit did not cover detection or clarification of events subject to prosecution, for example abuses and other irregularities, which could occur outside the accounting system or the internal control system.

The audit, in the scope of tax and similar liabilities, came down to checking these matters to a degree which enabled issuing the opinion on the financial statements as a whole. Our audit should not be considered a tax opinion.

2. Both the Entity authorized to audit the financial statements and the Certified Auditor as well as other persons involved in the examination on its behalf hereby certify that they are independent of the audited Association within the meaning of the provisions of Article 56 of the Accounting Act of 7 May 2009 on certified auditors and their self-government, entities authorized

to audit financial statements and public supervision and pursuant to the Code of Ethics for Professional Accountants by IFAC.

3. The Audit was carried out, under authority granted by the Contractor, from 21.05.2013 to 17.06.2013 by Janusz Wisłowski, a Certified Auditor (registered under No. 10727), on the site of the examined Association and in the Auditor's office.

4. The preparation of the financial statements in accordance with applicable laws is the responsibility of the Board of Directors.

The Board of Directors and the members of the supervisory body are obliged to guarantee that the financial statements of the Association comply with the requirements laid down by the Accounting Act of 29 September 1994 (Journal of Laws of 2009 No. 152, item 1223, as amended), hereinafter the "Accounting Act".

Our responsibility was to audit and express an opinion on compliance of these financial statements with the required accounting policies and determine whether they give, in all material respects, a fair and clear view of the financial position and financial result of the entity, and on the correctness of the underlying books of account.

5. The audited Association made available information and data requested by the Auditor during the examination, and provided explanations necessary to perform the audit, which was confirmed, among other things, by the statement of the Association's Board of Directors of 17.06.2013, certifying completeness of the information included in the books of accounts and disclosure of all contingent liabilities, as well as informing about material post balance sheet events which occurred up to the date on which that statement was submitted.

6. The Association conducts its operations on the basis of:

- 1) the Act of 7 April 1989 – Law on Associations (Journal of Laws of 2001 No. 79, item 855, as amended),
- 2) the Association's articles of association.

The audited Entity was entered in the register of associations, other social and professional organizations, foundations and public health care institutions in the District Court for the capital city of Warsaw, 19th Commercial Division of the National Court Register, on 30.10.2001, under KRS No.: 0000056447.

The Association's articles of association were not modified in the audited period.

Furthermore, the Association was registered at:

- 1) The Statistical Office in Warsaw under REGON No. 017399658.
- 2) The Tax Office Warszawa-Mokotów, under tax identification number 525-22-22-926.

Pursuant to the articles of association, the object of the Association is to:

- 1) promote gender equality,
- 2) adjust policies and legislation of all countries of the region to the international standards and agreements (in particular to those of the UN and the European Union),
- 3) contribute to political stability and peace in the region,
- 4) promote and educate on women's rights as human rights,

5) international cooperation with organizations and communities involved in gender equality activities,

6) supporting projects which are compatible with the statutory objectives of the Association.

The Association does not pursue any business activity.

As at 31.12.2012, the Association's equity amounted to **PLN 421,736.64**

Income from statutory activity, other operating income and financial income for the audited year amounted to **PLN 1,264,861.69**

7. Association's financial statements for the year preceding the audited year, where:

1) balance sheet total amounted to **PLN 965,639.86**

2) income from statutory activity, other operating income and financial income amounted to:
PLN 1,513,901.93

3) the net financial result constituted a balance sheet profit (excess of income over costs) of
(+) PLN 133,862.40

was examined by Janusz Wisłowski, a Certified Auditor of an Entity authorized to provide audit services, PERFECTUM-AUDIT Spółka z o.o. seated in Warsaw, Al. Komisji Edukacji Narodowej 98, receiving an unqualified opinion.

The financial statements for the previous financial year were approved by way of resolution of the Extraordinary General Meeting of 24.06.2012. The General Meeting has not decided on how to allocate the excess of income over costs for the year 2011, but in accordance with the articles of association it increased the statutory fund.

The Association's closing balances for the year preceding the year audited were brought forward in the accounts as opening balances at 01.01.2012.

8. The audited Association is managed by the Board of Directors. As at the opinion issue date, the composition of the Association's Board of Directors is as follows:

- 1) Aleksandra Elżbieta Solik – Member of the Board of Directors,
- 2) Kinga Jawnuta Nowicka-Lohmann – Member of the Board of Directors,
- 3) Izabela Anna Michaliszyn – Member of the Board of Directors.

The function of the Chief Accountant is performed by Rafał Koc, who represents an Entity authorized to provide bookkeeping services.

B. ANALYSIS AND EVALUATION OF THE FINANCIAL POSITION^{*)}

1. Key financial indicators describing Association's activity, as well as its financial position in the year audited as compared to the previous financial years, reflected in current prices, are as follows:

^{*) Values and indicators reflect dynamics in current prices; the rate of inflation in 2012, as determined by the Polish Central Statistical Office (GUS), amounted to 3.7% in average annual terms, which may influence the profit and loss account – and 2.4% as at the end of the year, which may influence the balance sheet. When assessing the dynamics, the given levels of inflation should be taken into account.}

Specification of ratios (and calculation formula)	Fiscal year:			(11/10) Differential (+,-)	(12/11) Differential (+,-)
	2010	2011	2012		
	2	3	4		
1. Total assets and liabilities:	1,289,743.78	965,639.86	704,731.74 zł	(-) 324,103.92	(-) 260,908.12 zł
2. Net financial result:	(-) 17,070.04	(+) 133,862.40	(+) 73,967.20 zł	(+) 150,932.44	(-) 59,895.20 zł
3. Revenue on statutory activity:	1,376,382.15	1,403,478.13	1,262,968.44 zł	(+) 27,095.98	(-) 140,509.69 zł
4. Overhead costs:	298,427.31	87,554.75	88,074.05 zł	(-) 210,872.56	(+) 519.30 zł
5. Administrative costs ratio: $\left(\frac{\text{administrative costs}}{\text{total costs}} \right) \times 100$	21.68 %	6.24 %	6.97 %	(-) 15.44 pp.	(+) 0.73 p.p.
6. Liquidity I $\left(\frac{\text{total current assets}}{\text{short-term liabilities (+) accruals}} \right) \times 100$	4,026.89 %	2,002.84 %	2,601.90 %	(-) 2,024.04 pp.	(+) 599.06 p.p.
7. Liquidity II $\left(\frac{\text{current assets (-) inventories}}{\text{short-term liabilities (+) accruals}} \right) \times 100$	4,026.89 %	2,002.84 %	2,601.90 %	(-) 2,024.04 pp.	(+) 599.06 p.p.
8. Liquidity III $\left(\frac{\text{cash (+) cash equivalents}}{\text{short-term liabilities (+) accruals}} \right) \times 100$	3,684.42 %	1,827.08 %	2,442.59 %	(-) 1,857.34 pp.	(+) 615.51 p.p.
9. Solidity $\left(\frac{\text{equity}}{\text{total assets}} \right) \times 100$	16.55 %	36.01 %	59.84 %	(+) 19.46 pp.	(+) 23.83 p.p.

2. Evaluation of the financial position

Taking into account the numerical data contained in the financial statements for the financial year 2012 and the indicators of financial analysis derived therefrom, it can be observed that the financial position of the Association, as compared with 2011, has changed. It is worth noticing that equity grew by PLN 73,967.20 i.e. 21.27%. The growth resulted from the positive financial result for 2012. Although income from statutory activity went down by (-) PLN 140,509.69, a simultaneous decline in costs of statutory activity by (-) PLN 245,501.25 led to obtaining positive result on statutory activity in the amount of PLN 215,984.92, which is 94.59% higher than in the previous year. The administrative costs of the Association slightly increased as compared with the previous year (by PLN 519.30). In 2012 currency exchange rates were unfavourable for the Association due to appreciation of zloty, owing to which the financial costs amounted to PLN 55,836.67 that, together with a growth in income from statutory activity, provided excess of income over costs – of (+) PLN 73,967.20. Since the Association's financial result is strongly dependent on currency exchange rates, as subsidies are received in foreign currencies, the results in particular years change, which makes a financial analysis of the Association difficult. It is worth noticing that in the event of unfavourable PLN exchange rates, the decline in value of equity may be observed which is unrelated to the operational activity of the entity.

Significant developments include predicted decrease in the scope of Association's activities. In 2012, income on statutory activity went down by (-) PLN 140,509.69, and at the same time deferred income, constituting income accounted for in time, declined by (-) PLN 313,747.19. The Association continues projects started in 2012. The review of concluded agreements, usage of grants and taken decisions, as well as cost invoices in the first months of the year succeeding the year audited do not indicate any significant deterioration of the assets and financial position of the audited Association that could result in limitation of activity in the immediate future.

In view of the above findings, it is considered that, as at 31.12.2012, there is no risk to the continuity of the Association's operations.

C. CONCLUSIONS ON THE ORGANIZATION OF ACCOUNTING SYSTEM AND INTERNAL CONTROL

1. Conclusions on the correctness of organization and efficiency of the accounting system

The accounting system used by the Association was established through the provisions of the documentation of the accounting principles (policies) adopted by the Association. The documentation of adopted accounting principles is compliant with the provisions of the Accounting Act and exhausts the subject-matter applicable to the Association; it is modified and updated as required by the executed projects under the grants received.

The accounting records of the Association were maintained in SYMFONIA FK finance and accounting system compliant with the fundamental requirements of the Accounting Act.

The opening balances in the accounting books of the year audited are equal to the closing balances for the previous year.

During the audit, it was determined that the accounts are maintained using customary, consistently and uniformly applied principles, methods and patterns, provided for in the above-

mentioned regulations. The entries posted therein, along with the accounting documents, are complete and correct.

The basis for recording business operations in the books of accounts are accounting documents compliant with the provisions of chapter 2 of the Accounting Act, prepared and predominantly verified in a manner established in the Association as well as accepted and qualified for recording in the books of accounts.

The Association's balance sheet and the other financial statements were prepared on the basis of the books of accounts containing opening balances and all transactions recorded in the books of accounts for the financial year, substantiated with accounting documents compliant with the requirements of the Accounting Act. The financial statements were prepared on the basis of a trial balance of general ledger accounts and detailed account balances to selected general ledger accounts.

Amounts of assets and liabilities reported in the balance sheet were confirmed by physical counts conducted using the following methods:

- 1) by taking of a physical inventory to determine fixed assets, intangible assets and the quantities and values of cash at hand,
- 2) cash at bank balances were determined by balance confirmations; furthermore, the Association's Board of Directors issued a statement that all receivables and liabilities are due, undisputed and reliably determined,
- 3) the quantities and values of the remaining items of assets and liabilities were determined by verifying the stock.

The stocktaking was carried out as at 31.12.2012. The Certified Auditor did not participate in the stocktaking, however, due to the application of alternative methods of examination, he does not raise any objections to the correctness and reliability of the conducted stocktaking.

The audited books of accounts, including files which compose books of accounts, both maintained electronically and manually, are compliant with the requirements set out in the Accounting Act, and are reliable, error-free and verifiable.

2. Conclusions on the organization system and efficiency of internal control in the audited Association.

The system of organization and internal finance control of the audited Association was established through the resolution of the Board of Directors of 30.11.2009 on the principles of internal finance control of Koalicja KARAT Association.

During the audit, no agreement violations were found as to requirements pertaining to principles of individual grants settlement.

The system of internal control is based on functional control. Formal and accounting control is exercised by the persons in charge of the Association's accounting records, while substantive control is exercised by the persons designated in the aforementioned internal regulations.

The examination of the internal control system was carried out within the scope related to the audited financial statements and the functioning of the accounting system.

D. INFORMATION ON SELECTED MATERIAL ITEMS OR FORMS OF THE FINANCIAL STATEMENTS

I. INTRODUCTION TO THE FINANCIAL STATEMENTS

The introduction to the financial statements has been drawn up in accordance with the provisions of the Accounting Act and exhausts the subject-matter contained therein.

II. BALANCE SHEET – MATERIAL INFORMATION ON SOME ITEMS

ASSETS

1. **Fixed assets** reported in the balance sheet, as at 31 December 2012, are equal to zero.

The maintenance of accounting records as well as the valuation of fixed assets and intangible assets, and their depreciation and amortization were carried out in accordance with the provisions of the Accounting Act, subject to the regulations of the Corporate Income Tax Act with regard to amortization. Despite the zero value, the Association owns fixed assets of real market value.

2. **Short-term receivables** were recognized in the balance sheet, as at 31 December 2012, in the amount of: **PLN 43,150.18**

where:

- | | |
|--|---------------|
| 1) settlements of agreements with Alleta in the Netherlands and
Asociata Nationala in Romania | PLN 40,939.56 |
| 2) other receivables (deposits) | PLN 2,210.62 |

During the examination of the short-term receivables, it was determined that there were no irregularities, which was confirmed by balances review conducted after the balance sheet date. The results of our audit allow us to consider the receivables balance to be correct.

3. **Short-term investments (cash)** were recognized in the balance sheet, as at 31 December 2012, in the amount of: **PLN 661,581.56**

The Association's cash at hand is confirmed by cash desk reconciliation report, prepared as at the balance sheet date, and cash at bank matches the balances on the bank statements. Valuations of currency positions were made in accordance with table 252/A/NBP/2012 of 31.12.2012

EQUITY AND LIABILITIES

4. **The value of equity** was recognized on the balance sheet, as at 31.12.2012, in the amount of **PLN 421,736.64**

where:

- | | |
|---|----------------|
| 1) Statutory fund (including the excess of income over costs from the previous years) | PLN 347,769.44 |
| 2) net balance sheet profit (excess of income over costs) for the financial year (+) | PLN 73,967.20 |

The equity was reported in nominal value at the end of the financial year, and its value increased throughout the year by the amount of the net financial result.

The valuation of the items of equity and recognition of its value do not raise any concerns as at the balance sheet date.

5. **Short-term liabilities** were recognized on the balance sheet, as at 31.12.2012, in the amount of **PLN 27,085.28**

where:

- | | |
|--------------------------------------|---------------|
| 1) trade liabilities | PLN 12,624.62 |
| 2) settlements with foreign partners | PLN 14,460.66 |

Short-term liabilities were reported at amounts due and their value and valuation, as at the balance sheet date, do not raise any concerns, which was confirmed among others by balances review conducted after the balance sheet date.

- 6. Accruals**, constituting deferred income, were reported in the balance sheet, as at 31.12.2012, in the amount of **PLN 255,909.82**

Deferred income refers to grants which were received by the Association but will be utilized in the subsequent periods. In the current period the Entity realized this item by means of correction pertaining to previous years.

III. PROFIT AND LOSS ACCOUNT – MATERIAL INFORMATION ON SOME ITEMS

The profit and loss account for the financial year 2012 has been drawn up using the classification by function of expenses. The Association records expenses using both a classification based on the nature of expenses – in group 4 accounts – and their function – in group 5 accounts.

- | | |
|--|---------------------------|
| 1. Income from statutory activity , for the financial year 2012, was recognized in the amount of | PLN 1,262,968.44 |
| 2. Costs of statutory activity , for the financial year 2012, were recognized in the amount of | PLN 1,046,983.52 |
| 3. Result on statutory activity , for the financial year 2012, was recognized in the amount of | (+) PLN 215,984.92 |
| 4. General administrative expenses , for the financial year 2012, were recognized in the amount of | PLN 88,074.05 |
| 5. Other income , earned in the financial year 2012, amounts to | PLN 0.25 |
| 6. Other costs , incurred in the financial year 2012, amount to | PLN 0.25 |
| 7. Financial income , earned in the financial year 2012, amounts to | PLN 1,893.00 |
| 8. Financial costs , incurred in the financial year 2012, amount to | PLN 55,836.67 |
| 9. Excess of income over costs on overall activities of the Association , for the financial year 2012, amounts to | (+) PLN 73,967.20 |
| 10. Corporate income tax was not reported for 2012 | PLN 0.00 |
| 11. Net balance sheet profit (excess of costs over income) for the financial year 2012, amounts to | (+) PLN 73,967.20 |

Within the audited aspects, no irregularities have been found in the individual amounts of costs, income and financial results reported. The above amounts are presented in more detail in the supplementary information and explanations.

IV. CONCLUSIONS ON CORPORATE INCOME TAX BASE

The Association benefits from a mix of corporate income tax exemptions, which include:

- 1) exemption stemming from the statutory objectives of conducted activities, set forth in Article 17(1)(4) of the Act,
- 2) exemption of income earned from grants received from foreign entities.

Corporate income tax was not reported

PLN 0.00

Detailed presentation of individual differences between tax and accounting costs and income is contained in the supplementary information and explanations. The calculation of corporate income tax was subject to random examination performed for the entire financial year 2012, which showed no material irregularities.

V. CONCLUSIONS ON OTHER TAXES AND CHARGES

1. **Liabilities related to natural persons income tax** were calculated and settled for the remuneration from work contracts, civil law agreements and other staff costs treated as remuneration; Examination of calculation and settlement of the taxes was conducted on a random basis and did not show material irregularities. The Association holds valid certificate of no tax arrears from the Tax Office.

2. **Examination of insurance premiums and other contributions to the Social Security Institution (ZUS)** was conducted on a random basis and did not show material irregularities. The Association holds valid certificate of no arrears in payments of contributions from ZUS.

VI. SUPPLEMENTARY INFORMATION

The form containing supplementary information, constituting the integral part of these financial statements, has been draw up in accordance with the provisions of the Accounting Act, and it exhausts the subject-matter contained therein applicable to the audited Association. The subjects not applicable to the Association have been omitted in this part of the financial statements.

The supplementary information details the numerical data contained in the balance sheet and profit and loss account, and contains additional information about the Association necessary to reflect in the financial statements, in a clear, reliable, complete and accurate manner, the Association's financial position, financial result and profitability of its activities.

E. SUMMARY OF THE AUDIT

1. **The summary of the audit** constitutes an opinion on the Association's financial statements, provided as a separate document.
2. **The report contains** 9 pages, consecutively numbered and initialled by the Certified Auditor.

Warsaw, 17 June 2013

Statutory Auditor

Janusz Wislowski
(Registry No. 10727)



PERFECTUM AUDIT
Doradcy Finansowo - Księgowi
Spółka z o.o.
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Attached:

- 1) Financial statements of the Foundation audited, including:
 - a) the introduction to the financial statement,
 - b) the balance sheet,
 - c) the profit and loss account,
 - d) the supplementary information and explanations.