

Foundation Mozaik

Audit of financial statements as at 31 December 2023

**FOUNDATION MOZAIK
AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2023**

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RESPONSABILITY FOR THE FINANCIAL STATEMENTS

The Management is responsible for ensuring that financial statements are prepared for each financial year in accordance with legal framework of financial reporting in the Federation of Bosnia and Herzegovina, which give a true and fair view of the state of affairs and results of the Foundation Mozaik (hereinafter: "the Foundation") for that period.

After making enquiries, the Management has a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management continues to adopt the going concern basis in preparing the financial statements.

In preparing the financial statements, the responsibilities of the Management include ensuring that:

- suitable accounting policies are selected and then applied consistently;
- judgments and estimates are reasonable and prudent;
- applicable accounting standards are followed, subject to any material departures disclosed and explained in the financial statements; and
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Foundation will continue in business.

The Management is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Foundation. Management must also ensure that the financial statements comply with the Accounting and audit Law of the Federation of Bosnia and Herzegovina. The Management is also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Foundation:


Zoran Puljić, Director

Foundation Mozaik
Splitska 14
71000 Sarajevo
Bosnia and Herzegovina



Sarajevo, 26 April 2024.

To the Management and Management Board of the Foundation Mozaik**Independent Auditor's Report***Opinion*

We have audited the financial statements of Foundation Mozaik (the „Foundation“) set on pages 4 to 31, which comprise of the statement of financial position as at 31 December 2023, statement on surplus of income over expenses, statement on comprehensive surplus of income over expenses, statement of financial position, statement of changes in net assets and the cash flow statement for year then ended, and notes to the financial statements, which also contain a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Foundation as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the legal framework of financial reporting in FBiH.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements relevant to our audit of the financial statements in the FBiH and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management and Management Board for the Financial Statements

The Management is responsible for the preparation of financial statements in accordance with the legal framework of financial reporting in the FBiH, as well as for those internal controls that the Management determines is necessary to prepare financial statements that are free from material misstatement due to fraud or error. In preparing the financial statements, the Management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, if applicable, matters relating to its indefinite operations and using the going concern basis of accounting unless the Management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the financial reporting process established by the Foundation.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

This version of the auditors' report is translation from the original, which was prepared in Bosnian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the financial statements takes precedence over translation.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Baker Tilly Re Opinion d.o.o. Sarajevo

Bulevar Meše Selimovića 81a, 71000 Sarajevo


Jasmina Oručević, Director

Sarajevo, 26 April 2024




Aldijana Gabela, Certified Auditor

FOUNDATION MOZAIK
STATEMENT ON SURPLUS OF INCOME OVER EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 BAM	2022 BAM
Revenue from donations	5	6,201,958	5,789,025
Other income	6	141,069	40,652
		<u>6,343,027</u>	<u>5,829,677</u>
Administrative and other expenses	7	(4,266,874)	(3,992,281)
Employee expenses	8	(1,597,644)	(1,506,304)
Depreciation		(335,481)	(295,338)
		<u>(6,199,999)</u>	<u>(5,793,923)</u>
Interest expenses	-	(35,831)	(3,645)
Finance income	9	13,647	10,659
SURPLUS OF INCOME OVER EXPENSES		120,844	42,768

The accompanying notes form an integral part of these financial statements.

FOUNDATION MOZAIK
STATEMENT ON COMPREHENSIVE SURPLUS OF INCOME OVER EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 BAM	2022 BAM
Surplus of income over expenses	-	120,844	42,768
Other comprehensive surplus of income over expenses	-	-	-
TOTAL COMPREHENSIVE SURPLUS OF INCOME OVER EXPENSES		120,844	42,768

The accompanying notes form an integral part of these financial statements.

**FONDACIJA MOZAIK
BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	31 December 2023 BAM	31 December 2022 BAM
ASSETS			
Non-current assets			
Tangible and intangible assets	10	424,985	619,476
Investments in subsidiaries	11	42,571	42,571
Investments in associates	12	46,538	161,318
Long-term deposits	13	51,450	31,700
Long-term loan receivables	14	-	8,225
Other long-term receivables	15	-	-
		565,544	863,290
Current assets			
Donor receivables and other receivables	16	295,839	327,187
Short-term loan receivables	17	46,246	137,586
Inventories	-	10,038	2,720
Cash and cash equivalents	18	2,842,452	2,910,108
		3,194,575	3,377,601
TOTAL ASSETS		3,760,119	4,240,891
NET ASSETS AND LIABILITIES			
Net assets			
Permanent source	-	948,145	948,145
Accumulated surplus of income over expenses/(expenses) over income	-	212,758	91,914
		1,160,903	1,040,059
Long-term liabilities			
Provisions	19	28,225	27,746
Deferred income	20	2,137,041	2,761,087
Long-term liabilities	21	90,014	95,186
Long-term liabilities for lease of property	22	-	7,980
		2,255,280	2,891,999
Short-term liabilities			
Current portion of liabilities for lease of property	22	4,818	46,204
Trade payables and other liabilities	23	339,118	262,628
		343,936	308,832
TOTAL NET ASSETS AND LIABILITIES		3,760,119	4,240,891

The accompanying notes form an integral part of these financial statements.

Signed on behalf of the Foundation

Zoran Puljić, Director



**FOUNDATION MOZAIK
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Permanent source	Accumulated surplus of income over expenses	Total
Balance at 31 December 2021	948,145	49,146	997,291
Surplus of income over expenses	-	42,768	42,768
Other comprehensive surplus of income over expenses	-	-	-
Balance at 31 December 2022	948,145	91,914	1,040,059
Surplus of income over expenses	-	120,844	120,844
Other comprehensive surplus of income over expenses	-	-	-
Balance at 31 December 2023	948,145	212,758	1,160,903

The accompanying notes form an integral part of these financial statements.

**FOUNDATION MOZAIK
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 KM	2022 KM
Operating activities		
Surplus of income over expenses	120,844	42,768
<i>Adjustment for:</i>		
Depreciation of tangible assets	335,841	294,338
Impairment of receivables	14,620	627
Depreciation of deferred income	(285,335)	(248,427)
Increase in provisions	479	7,929
Interest expenses recognized in income statement	35,831	3,645
Income from sale of tangible assets	(60,351)	-
<i>Operating cash flow before movements in working capital</i>	<u>161,929</u>	<u>100,880</u>
Increase of receivables from donators and other receivables	16,725	(88,246)
(Increase)/decrease of inventories	(7,318)	5,140
Increase of trade payables and other liabilities	(267,753)	688,093
<i>Cash generated (used in)/from operating activities</i>	<u>(96,417)</u>	<u>705,867</u>
Interest paid	(35,831)	(3,645)
Net cash (used in)/generated from operating activities	<u>(132,248)</u>	<u>702,222</u>
Investment activities		
Proceeds from sale of tangible assets	95,830	-
Purchase of tangible assets	(176,467)	(159,899)
Increase in loan receivables	99,565	(30,789)
Purchase of shares in associates	114,780	(1,730)
Increase of deposit	(19,750)	(22,200)
Net cash fom/(used in) investment activities	<u>113,958</u>	<u>(192,418)</u>
Financial activities		
Repayment of financial lease liabilities	-	(2,193)
Repayment of long-term lease liabilities	(49,366)	50,117
Net cash used in financial activities	<u>(49,366)</u>	<u>25,724</u>
Net increase in cash and cash equivalents	<u>(67,656)</u>	<u>535,528</u>
Cash and cash equivalents at the beginning of the year	<u>2,910,108</u>	<u>2,374,580</u>
Cash and cash equivalents at the end of the year	<u>2,842,452</u>	<u>2,910,108</u>

The accompanying notes form an integral part of these financial statements.

FONDACIJA MOZAIK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL

The Foundation for community development "Mozaik" is recorded in the Register of Foundations at the Ministry of Justice of Bosnia and Herzegovina, based on Article 43 of the Law on Associations and Foundations of Bosnia and Herzegovina ("Official Gazette of BiH" No. 32/01 and 42/03). By Decision No. 01/6-106-7-MP/02 of 14 October 2004, the name was changed to the Foundation Mozaik.

Registered address of the Foundation is Splitska 14, Sarajevo, Bosnia and Herzegovina.

As of 31 December 2023, number of employees is 32 (31 December 2022: 29).

Management:

Zoran Puljić, Director
Vesna Bajšanski-Agić, Executive director
Vesna Balta, Director of Internal control and Audit

Management Board:

Azra Sarić, President
Marko Oroz, Member
Larisa Halilović, Member since 17 November 2023
Edhem Eddie Čustović, Member until 17 November 2023
Ljiljan Sulejmanović, Member since 17 November 2023
Jasminko Halilović, Member since 17 November 2023

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 Standards and Interpretations effective in current period

In the current year, the International Accounting Standards Board has published a larger number of amendments to IAS and IFRS that are in effect for accounting periods beginning on 1 January 2023 or later. The annual improvements include many amendments to IAS and IFRS, which are shown as follows:

IAS 8	Amendments replace the definition of changes in accounting estimates with the definition of accounting estimates (applicable from 1 January 2023)
IAS 12	Amendments in accordance with International taxable reform – pillar II (applicable from 1 January 2023)
IAS 1	Amendments require the entity to disclose its material accounting policies instead of its significant accounting policies (applicable from 1 January 2023)
IFRS 17	Insurance contracts including amendments to IFRS 17: method of measuring insurance and a more uniform approach to measurement and presentation for all insurance contracts (applicable from 1 January 2023)

2.2 Standards and Interpretations in issue not yet adopted

At the date of authorization of these financial statements, the following Standard, amendments to existing Standards and Interpretations were in issue but not yet effective:

IFRS S1	General Requirements for disclosure of Sustainability-related financial information (applicable from 1 January 2024, with mandatory application in line with local jurisdiction implementation)
IFRS S2	Climate-related disclosure risks and opportunities reporting (applicable from 1 January 2024, with mandatory application in line with local jurisdiction implementation)
IFRS 7	Amendments to Financial Instruments reporting requirements with supplier Finance Arrangements disclosure (applicable from 1 January 2024)

FONDACIJA MOZAIK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

2.2 Standards and Interpretations in issue not yet adopted (continued)

IFRS 16	Amendments to IFRS 16 regarding Lease Liability in a Sale and Leaseback (applicable from 1 January 2024)
IAS 1	Amendments to financial reporting regarding classification of liabilities as current or non-current liabilities and disclosures on Covenants (applicable from 1 January 2024)
IAS 21	Amendments regarding the presentation of lack of exchangeability of foreign currency and determination of exchange currency (application from 1 January 2025)

The Foundation will not adopt these standards, amendments and interpretations in advance, before the date they enter into force. The Management anticipates that the adoption of these standards and interpretations in future periods will not significantly affect the Foundation's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with the legal framework of financial reporting in the Federation of Bosnia and Herzegovina.

The legal framework for financial reporting includes the Law on Accounting and Auditing in the FBiH ("Official Gazette of the FBiH", No. 83/09), accounting standards applied in the FBiH, published by the Board of the Association of Accountants, Auditors and Financial Workers in the FBiH, based on the Decision on Authorizations for Translation and Publication, No. 2-11/06 of 10 March 2006 ("Official Gazette of the FBiH", No. 81/06) adopted by the Accounting and Auditing Commission of BiH, and the Scheme of financial statements of the Federal Ministry of Finance ("Official Gazette of FBiH", No. 82/10).

Basis for preparation of financial statements

These financial statements have been prepared on a historical basis.

The financial statements are presented in Convertible Marks (KM), as this is the currency in which most of the Foundation's business events are stated. The convertible mark is officially tied to the euro (1 EUR = 1.95583 KM).

The preparation of financial statements in conformity with the legal framework for financial reporting in the FBiH requires Management to make judgments, estimates and assumptions that affect the application of accounting policies, and disclosed amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and related assumptions are reviewed regularly. Changes in accounting estimates are recognized in the period in which the estimates are changed, and possibly in future periods, if they affect them.

Information about areas with significant uncertainty in estimates and critical judgments in applying accounting policies, which have the most significant effect on the amounts disclosed in these financial statements, are disclosed in Note 4.

FONDACIJA MOZAIK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue from grants, which is limited to their specific use, is recognized as revenue in the same way as the costs for which the grant revenue was provided for. Unused income from specific grants, which has not yet been spent, is recorded as a liability in the Balance sheet. Grants, donations and other non-restricted income are recognized as income when accrued.

Donations are recognized when there is reasonable assurance that:

- a) the legal entity satisfies the conditions under which donations are made; and
- b) the donation will be received

Donations to cover expenses are recognized as income during the period necessary to deal with the related expenses that need to be systematically covered from that income.

Donation received as compensation for expenses or losses already incurred or for the purpose of providing immediate financial support to an entity at no future cost on that basis is recognized as income in the period in which it is received.

Donations related to assets, including non-monetary donations at fair value, are presented in the balance sheet as deferred income. The amount of deferred income is recognized as income on a systematic and rational basis over the useful life of the asset.

Donations received by the Foundation for the costs of fixed assets are recognized as income on a systematic basis over the life of tangible and intangible assets.

Foreign currencies

Business events that are not in convertible marks are initially recorded by conversion at the current exchange rate of the Central Bank of BiH on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are recalculated at the reporting date using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are stated at historical cost are not recalculated at the reporting date. Gains and losses from recalculation are included in the net result of the period.

Employee benefits

On behalf of its employees, the Foundation pays income tax, as well as contributions for pension, disability, health and unemployment insurance, to and from the salary, which are calculated at legal rates during the year on the gross salary. The Foundation pays these taxes and contributions to the benefit of the FBiH institutions, at the federal and cantonal levels.

Retirement severance payments

In accordance with local regulations and the internal Rulebook, the Foundation is obliged to pay severance pay for retirement in the amount of at least three average monthly salaries of a given employee or three average salaries in FBiH paid in the last three months, depending on what is more favorable for the employee. The Foundation make reservation on yearly basis for the costs of early retirement payments and retirement benefits.

Taxation

In Bosnia and Herzegovina, associations and foundations are exempted from paying taxes on the realized income surplus, if it is generated from non-profit activities.

FONDACIJA MOZAIK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tangible and intangible assets

Equipment is initially stated at cost less accumulated amortization and accumulated impairment losses. The cost of acquisition includes the purchase price and all costs directly related to bringing the asset to working condition for its intended use. Ongoing maintenance and repair costs are recognized as an expense when incurred. Depreciation begins when the asset is ready for its intended use. Depreciation is calculated based on the estimated useful life of the asset, which is as follows:

Equipment	3 to 5 years
Furniture and office inventory	5 years

Gains or losses from write-offs or disposals of property, plant and equipment are recognized in the balance sheet in the period in which they arise.

Impairment

At each reporting date, the Foundation reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine any impairment loss. The Foundation estimates the recoverable amount at the Foundation level.

Recoverable amount is net selling price or value in use, depending on which is higher. For the purposes of assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the estimated recoverable amount of an asset is less than its carrying amount, then the carrying amount of that asset is reduced to its recoverable amount. Impairment losses are recognized immediately as an expense, unless the asset is land or a building that is not used as an investment property and is stated at the revalued amount, in which case the impairment loss is recognized as impairment generated by the revaluation of the asset. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately, unless the asset in question is valued at the estimated value, in which case the reversal of the impairment loss is recognized as an increase due to revaluation.

Assets held for sale

An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is considered fulfilled only if the sale is very probable and the property is available for sale in its current condition. Management must be resolute in the sale, which should be designated for recognition as a complete sale within one year from the date of classification. Assets classified as held for sale are measured at the lower of carrying amount and fair value less sell costs.

Leases

This Standard applies to annual periods beginning on or after 1 January 2019. IFRS 16 replaces International Accounting Standard 17 - Leases and abolishes the classification into operating and finance leases with the lessee. For the future periods, the Foundation will capitalize the "right of use" in the balance sheet, measured by the present value of future lease payments.

FONDACIJA MOZAIK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Exceptions are short-term leases with a duration of up to 12 months and leases where the subject of the lease is of small value. Also, the Foundation will recognize the associated liability for capitalized lease, adjusted for subscriptions, initial direct costs related to the occurrence and estimates of future costs of dismantling, restoration etc. Operating lease costs will be replaced by the depreciation expense for the leased asset and the interest expense related to the recognized finance lease liability (which will be included in finance expenses). In earlier lease periods, the lease costs under IFRS 16 will be higher compared to the lease costs recognized in accordance with IAS 17.

Cash and cash equivalents

Cash includes cash in hand and balances with bank accounts.

Deferred income

Grant income is recognized in the balance sheet as deferred income when received. Grant income is recognized in the statement of surplus of income over expenditure when it is received to cover current expenses.

Deferred income represents the amount of unused grants. When purchasing fixed assets, income is recognized in the statement of surplus of income over expenses on a systematic basis over the life of the asset.

Investments in associates

An associate is an entity over whom the Foundation has significant influence and who is not a subsidiary or joint venture. Significant influence is reflected through participation in decision-making concerning investors' financial and business policies, but does not constitute control or joint control over those policies. Investments in associates are recognized in the financial statements at cost less any investment losses.

Investments in subsidiaries

A subsidiary is an entity that is under the control of the Foundation. Control is achieved in such a way that the Foundation has the power to participate in decisions on financial and business policies of the entity in a way that benefits the business of the subsidiary.

Investments in subsidiaries are presented in these financial statements at cost, less any impairment for individual investments.

Financial instruments

Financial assets and financial liabilities are recognized when the Foundation becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition of a financial asset or a financial liability (other than a financial asset and a financial liability at fair value through statement on surplus of income over expenses) are added to or deducted from the fair value of the financial asset or financial liability on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognized in the statement on surplus of income over expenses.

FONDACIJA MOZAIK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

All financial assets are recognized or derecognised on the trade date when the sale of the financial asset is defined by the agreed delivery date of the financial asset within the deadlines set by the conventions in the relevant market and is initially measured at fair value, including transaction costs, except financial assets classified at fair value through the statement on surplus of income over expenses, which is initially stated at fair value. Financial assets are classified into the following categories: "at fair value through statement on surplus of income over expenses", "available for sale", "held to maturity", and "loans and receivables". The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

Effective interest rate method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. An effective interest rate is an interest rate that accurately discounts future cash flows through the expected life of the financial asset, or, where possible, a shorter period.

Income is recognized on the basis of the effective interest rate for debt instruments, except for those at fair value through statement on surplus of income over expenses.

Loans and receivables

Trade receivables, loans and other receivables with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any estimated impairment. Interest income is recognized using the effective interest method, except in the case of short-term receivables, where the recognition of income would be immaterial.

Impairment of financial instruments

Financial assets, other than assets at fair value through statement on surplus of income over expenses, are assessed for impairment indicators at each balance sheet date. Financial assets are impaired where it is demonstrated that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have changed.

For unlisted shares classified as available for sale, a significant or extended pair at fair value of the security below its cost is considered as objective evidence of impairment.

For all other financial assets, including redeemable securities classified as available for sale and finance lease receivables, objective evidence of impairment may include:

- significant financial difficulties of the issuer or user; or
- failure or delinquency in the repayment of interest or principal; or
- the possibility that the debtor will fall into bankruptcy or financial reorganization.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently estimated for impairment on a collective basis. Objective evidence of impairment of the receivable's portfolio could include the Foundation's prior experience in collection, delays in collection after the maturity period, as well as changes in national or local economic conditions that are correlated with default of receivables.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

FONDACIJA MOZAIK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

The carrying amount of financial assets is reduced by impairment losses directly for all financial assets except for receivables where the carrying amount is impaired through the use of impairment provisions. When it is not possible to collect trade receivables, then they are written off against the provision for impairment. Subsequent recoveries of amounts previously written off are credited to the allowance for impairment. Changes in the carrying amount of the allowance for impairment are recorded in the statement on surplus of income over expenses.

Derecognition of financial assets

The Foundation will derecognise financial assets only when the contractual rights to cash flows from the financial assets expire, or if it transfers financial assets, and thus all risks and rewards of ownership of the asset to another entity. If the Foundation does not transfer or retain substantially all the risks and rewards of ownership and retains control of the financial assets, the Foundation continues to recognize the financial assets.

Financial liabilities

Financial liabilities are classified as "financial liabilities at fair value through statement on surplus of income over expenses" or "other financial liabilities".

Financial liabilities are classified as financial liabilities "at fair value through statement on surplus of income over expenses" if the financial liability is available for sale or stated as a financial liability "at fair value through statement on surplus of income over expenses".

Other financial liabilities

Other financial liabilities, including borrowings, are initially recognized at fair value, net of transaction costs incurred. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of determining the interest expense for the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected duration of the financial liability, or, where possible, a shorter period.

Derecognition of financial liabilities

The Foundation derecognises a financial liability when, and only when, the Foundation's obligations are discharged, cancelled or expire.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In application accounting policies described in Note 3, the Foundation's Management makes decisions and makes estimates and assumptions that affect the amounts of assets and liabilities that cannot be derived from other sources. Estimates and assumptions are based on previous experience and other relevant factors. Actual amounts may differ from those estimated.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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FONDACIJA MOZAIK
NOTES TO THE FINANCIAL STATEMENTS
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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

The lifetime of tangible and intangible assets

As described in Note 3, the Foundation reviews the estimated useful lives of property and equipment at the end of each annual reporting period.

Impairment of receivables from donors and other receivables

The Foundation's management recognizes impairment for doubtful receivables based on estimated losses resulting from the inability of donors to meet their obligations. In evaluating the adequacy of the allowance for doubtful receivables, the Management Board of the Foundation bases its assessment on the age structure of receivables and write-offs from previous periods.

5. REVENUE FROM DONATIONS

	2023 BAM	2022 BAM
Revenue from donations	5,916,622	5,540,598
Depreciation of deferred income from donations of fixed assets (Notes 9 and 20)	285,336	248,427
TOTAL	6,201,958	5,789,025

Overview of revenue from donations by projects can be summarized as follows:

	2023 BAM	2022 BAM
Youth Programme (Note 20)	4,578,807	4,254,966
Youth Programme – DIJASPORA (Note 20)	192,586	258,549
Youth Programme – City Bihać	-	13,146
Programme USAID	897,328	708,396
Programme UNFPA-DM (Note 20)	100,000	-
Programme RBF (Note 20)	70,880	-
Project Georgia (Note 20)	-	49,550
Program Interreg	-	167,541
Project Caritas	18,694	12,961
Project SIGN (Note 20)	-	5,363
Project ERASMUS+ (Note 20)	58,347	70,126
TOTAL	5,916,622	5,540,598

6. OTHER INCOME

	2023 BAM	2022 BAM
Income from sale of fixed assets	60,351	-
Income from fees and membership	56,644	5,865
Income from acquisition of shares in associated companies	6,935	2,770
Insurance claims collected	1,041	13,826
Reimbursement of sick leave	14,165	4,652
Other income	1,933	13,539
TOTAL	141,069	40,652

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NOTES TO THE FINANCIAL STATEMENTS
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7. ADMINISTRATIVE AND OTHER EXPENSES

	2023 BAM	2022 BAM
Project costs	2,874,592	2,621,964
Professional services	513,309	540,500
Training costs	303,210	303,709
Marketing costs	252,565	352,838
Material and energy costs	60,634	70,235
Telecommunication costs	29,984	31,185
Other taxes	155,880	22,370
Maintenance	22,734	20,574
Insurance costs	15,877	11,797
Bank commission	10,021	10,359
Rent costs	5,016	4,740
Impairment of receivables (Note 16)	14,620	627
Other costs	8,432	1,383
TOTAL	4,266,874	3,992,281

8. EMPLOYEE EXPENSES

	2023 BAM	2022 BAM
Gross salaries	1,446,581	1,331,185
Meal allowance, transportation, holiday allowance, help	88,459	101,441
Business travel expenses	55,703	65,749
Provisions for employee benefits (Note 19)	6,901	7,929
TOTAL	1,597,644	1,506,304

9. FINANCIAL INCOME

	2023 KM	2022 KM
Dividend	12,170	4,892
Currency exchange difference	1,430	5,364
Interest income	47	403
TOTAL	13,647	10,659

FONDACIJA MOZAIK
NOTES TO THE FINANCIAL STATEMENTS
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10. TANGIBLE AND INTANGIBLE ASSETS

	Right of use assets	Vehicles	Equipment	Furniture	Software	Investments in progress	TOTAL
COST							
As at 31 December 2021	118,293	130,077	375,717	59,568	780,296	35,156	1,499,107
Additions	-	-	39,823	2,232	-	117,844	159,899
Transfer from/to	-	-	-	-	153,000	(153,000)	-
Increase in right of use assets	90,585	-	-	-	-	-	90,585
Decrease in right of use assets	(118,293)	-	-	-	-	-	(118,293)
Transfer to deferred income	-	-	-	(14,588)	-	-	(14,588)
As at 31 December 2022	90,585	130,077	415,540	47,212	933,296	-	1,616,710
Additions	-	-	-	-	-	176,467	176,467
Transfer from/to	-	160,814	15,453	200	-	(176,467)	(176,467)
Sales and disposals	-	(92,802)	(99,054)	(1,790)	-	-	(193,646)
As at 31 December 2023	90,585	198,089	331,939	45,622	933,296	-	1,599,531
ACCUMULATED DEPRECIATION							
As at 31 December 2021	112,066	46,475	296,073	22,201	348,981	-	825,796
Depreciation for the period	43,970	2,840	101	-	-	-	46,911
Depreciation of donated assets (Notes 5 and 20)	-	16,672	36,820	6,430	188,505	-	248,427
Decrease in right of use assets	(118,293)	-	-	-	-	-	(118,293)
Transfer to deferred income	-	-	-	(5,606)	-	-	(5,606)
As at 31 December 2022	37,743	65,987	332,994	23,025	537,486	-	997,235
Depreciation for the period	45,293	2,129	-	-	-	-	50,146
Depreciation of donated assets (Notes 5 and 20)	-	23,282	36,507	5,093	223,175	-	285,335
Sales and disposals	-	(57,323)	(99,054)	(1,790)	-	-	(158,167)
As at 31 December 2023	83,036	34,075	270,447	26,327	760,661	-	1,174,546
CARRYING VALUE							
As at 31 December 2023	7,549	164,014	61,492	19,295	172,634	-	424,985
As at 31 December 2022	52,842	64,090	82,546	24,188	395,810	-	619,476

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**FOUNDATION MOZAIK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

11. INVESTMENTS IN SUBSIDIARIES

	Ownership	31 December 2023 BAM	31 December 2022 BAM
Studio FIN d.o.o. Sarajevo	100%	40,571	40,571
Mašta d.o.o. Sarajevo	100%	2,000	2,000
TOTAL		42,571	42,571

The financial data of subsidiaries as at 31 December 2023 can be presented as follows:

	Studio FIN d.o.o. Sarajevo* BAM	Mašta d.o.o. Sarajevo BAM
Total assets	822,177	140,958
Total liabilities	220,895	57,323
Net assets	601,282	83,635
Net profit for the year	523,416	13,675

FOUNDATION MOZAIK
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FOR THE YEAR ENDED 31 DECEMBER 2023

12. INVESTMENTS IN ASSOCIATES

	Ownership	31/12/2023 KM	31/12/2022 KM
Teta Pričalica d.o.o. Vogošća	42%	9,618	9,160
Holomedia d.o.o. Čapljina	49%	9,310	9,310
Quantum Health Care d.o.o.	25%	6,800	-
Bubamarin svijet d.o.o. Vlasenica	49%	5,365	5,366
Igraj Uči Rasti d.o.o. Jelah	26%	3,809	3,809
Greens d.o.o. Sarajevo	20%	2,830	2,830
Eduteh d.o.o. Sarajevo	18%	2,151	2,151
Zaza d.o.o. Sarajevo	20%	2,000	2,000
Kapak d.o.o. Sarajevo	35%	360	350
Repro Centar d.o.o.	35%	350	-
Telemedia d.o.o. Zenica	35%	350	350
Golden DS d.o.o. Lopare	35%	350	350
Agromanija d.o.o. Cazin	30%	300	300
Quantum Medicom d.o.o. Banja Luka	30%	300	250
D.E.A. Line d.o.o.	15%	300	300
JoWood d.o.o. Banja Luka	28%	280	250
Le Petit d.o.o.	13%	260	-
Kreativna agencija WOLFEN d.o.o. Cazin	25%	250	250
Tamy d.o.o. Banja Luka	24%	250	490
Shugar On Top d.o.o.	24%	240	240
MT Port d.o.o. Sarajevo	20%	200	200
TITAN Create Inspire d.o.o. Banja Luka	20%	200	200
SA Card d.o.o. Sarajevo	20%	200	200
Gemex d.o.o. Sarajevo	8%	160	160
Manoxo d.o.o. Usora	3%	105	105
Penelope Tours d.o.o.	5%	100	100
Interprodukt d.o.o. Mostar	10%	100	100
Legno Mehičić d.o.o. Bosanski Petrovac	-	-	16,302
Eurosid d.o.o. Brčko	-	-	15,337
Smilelove d.o.o. Sarajevo	-	-	12,250
Lahor d.o.o. Mostar	-	-	9,310
HAAFA Machine&Tools d.o.o. Tešanj	-	-	9,261
Agrorevolucija d.o.o. Cazin	-	-	8,160
Studentime d.o.o. Tuzla	-	-	7,350
Super Žena d.o.o. Zvornik	-	-	7,002
Envirogreen d.o.o. Cazin	-	-	6,860
Solheat d.o.o. Živinice	-	-	6,615
Sigurna ruka d.o.o. Bosanska Krupa	-	-	5,600
Reklame BH d.o.o. Sarajevo	-	-	4,245
Gnijekdo d.o.o. Sarajevo	-	-	4,900
Zabubox d.o.o.	-	-	2,000
Tingea d.o.o. Sarajevo	-	-	1,500
Zemlja Čuda d.o.o. Sarajevo	-	-	875
D.A. Vinci Guitars d.o.o. Bihać	-	-	600
PREPELET d.o.o. Brčko	-	-	500
Vasting d.o.o. Banja Luka	-	-	490
Dreamwork d.o.o. Doboj Jug	-	-	490
Choco_Val d.o.o. Sarajevo	-	-	250
Una Storia d.o.o. Tuzla	-	-	250
Studio Atrij d.o.o. Visoko	-	-	200
Lantia d.o.o. Travnik	-	-	200
New City Studio d.o.o.	-	-	250
Studio 28 d.o.o.	-	-	200
Brnada d.o.o.	-	-	100
Gamajo d.o.o.	-	-	200
Goodwill d.o.o.	-	-	100
Shia Kark d.o.o.	-	-	100
IB Fresh d.o.o. Cazin	-	-	700
Bajkologija d.o.o.	-	-	300
UKUPNO		46,538	161,318

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FOUNDATION MOZAIK
NOTES TO THE FINANCIAL STATEMENTS
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12. INVESTMENTS IN ASSOCIATES (CONTINUED)

The financial data of associates as at 31 December 2023 may be presented as follows:

	Teta Pritcalica d.o.o. Vogošća KM	Holomedia d.o.o. Čapljina* KM	Quantum Health Care d.o.o. KM	Bubamarin Svijet d.o.o. Vlasenica** KM	Igraj Uči Rasti d.o.o. Jelah* KM	Greens d.o.o. Sarajevo KM	Eduteh d.o.o. Sarajevo KM	Zaza d.o.o. Sarajevo KM	Kapak d.o.o. Sarajevo KM	Repro Centar d.o.o.* KM	Telemedia d.o.o. Zenica KM
Total assets	92.753		75.159			44.366	252.852	192.499	34.647		3.895
Total liabilities	3.349		21.928			15.228	158.550	129.783	29.043		1.117
Net assets	89.404		53.231			29.138	94.302	62.716	5.604	(117)	2.778
Net profit/(loss) for the year	30.261		22.442			6.103	67.477	31.088	2.846	(117)	1.266

	Golden DS d.o.o. Lopare KM	Agromanija d.o.o. Cazin KM	Quantum Medicom d.o.o. Banja Luka KM	D.E.A. Line d.o.o. KM	JoWood d.o.o. Banja Luka KM	Le Petit d.o.o. KM	Kreativna agencija Wolfen d.o.o. Cazin KM	Tamy d.o.o. Banja Luka KM	Shugar On Top d.o.o. Sarajevo KM	MT Port d.o.o. Kakanj KM	Titan Create Inspire d.o.o. Banja Luka KM	SA Card d.o.o. Sarajevo KM
Total assets	45.507	33.032	75.159	85.595	114.167	41.684	2.405	242.165	68.209	117.622	30.998	54.973
Total liabilities	15.482	7.710	21.928	53.392	156.973	5.381	3.861	323.767	64.628	67.641	30.778	27.928
Net assets	30.025	25.322	53.231	32.203	(42.806)	36.303	(1.456)	(81.602)	3.583	49.981	220	27.045
Net profit/(loss) for the year	4.188	2.523	22.442	13.330	4.096	34.303	(4.065)	(53.825)	810	15.061	(2.364)	9.368

	Gemex d.o.o. Sarajevo	Manoxo d.o.o. Usora	Penelope Tours d.o.o. Sarajevo	Interprodukt d.o.o. Mostar
Total assets	436.190	411.682	1.278	127.195
Total liabilities	403.383	371.163	4.795	110.700
Net assets	32.807	40.519	(3.517)	16.495
Net profit/(loss) for the year	30.807	2.140	1.064	2.648

* Holomedia d.o.o., Bubamarin Svijet d.o.o. and Igraj Uči Rasti d.o.o. have not delivered financial reports for 2023. Repro Centar d.o.o. have delivered incomplete set of financial reports.

** During April 2021, the Foundation, with the Agreement on the withdrawal and transfer of shares in the company Bubamarin Svijet d.o.o. Vlasenica transferred its shares to the acquirer Aleksandar Sanjić. However, until the day of the audit, the registration of the acquirer as 100% owner with the competent court in Vlasenica has not been completed.

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13. LONG-TERM DEPOSITS

	Return deadline	31 December 2023 BAM	31 December 2022 BAM
Sparkasse Bank d.d. BiH	9 December 2026	7,500	7,500
Sparkasse Bank d.d. BiH	19 Decembar 2026	2,000	2,000
Sparkasse Bank d.d. BiH	23 February 2026	5,000	5,000
Sparkasse Bank d.d. BiH	25 June 2029	1,300	1,300
Sparkasse Bank d.d. BiH	9 September 2027	2,500	2,500
Sparkasse Bank d.d. BiH	19 September 2027	2,400	2,400
Sparkasse Bank d.d. BiH	22 September 2027	3,000	3,000
Sparkasse Bank d.d. BiH	29 January 2028	8,000	8,000
Sparkasse Bank d.d. BiH	27 April 2028	1,000	-
Sparkasse Bank d.d. BiH	5 May 2025	1,200	-
Sparkasse Bank d.d. BiH	6 May 2026	550	-
Sparkasse Bank d.d. BiH	24 May 2033	3,000	-
Sparkasse Bank d.d. BiH	25 July 2028	3,500	-
Sparkasse Bank d.d. BiH	27 July 2026	3,400	-
Sparkasse Bank d.d. BiH	13 January 2027	2,100	-
Sparkasse Bank d.d. BiH	22 January 2027	5,000	-
TOTAL		51,450	31,700

As part of the "Korak po Korak" project jointly implemented by the Foundation and Sparkasse Bank d.d. BiH, in 2023, the Foundation concluded eight (2022: six) Agreements on interest-free time deposits as collateral, in order to realize loans granted to small newly registered businesses.

14. LONG-TERM LOAN RECEIVABLES

During 2020, 2021, 2022 and 2023, the Foundation approved interest-free loans to businesses under the Agreement with Citibank Europe plc, Luxembourg Branch dated 20 May 2020 regarding the Covid-19 crisis response for mitigation and recovery. The funds are from the European Fund for Southeast Europe.

In April and September 2019, the Foundation approved two interest-free cash loans to the legal entity Axis d.o.o. Ilijaš in the total amount of BAM 41 thousand. The provisionally agreed loan repayment period was 90 days. The Board of Directors made a decision to withdraw and transfer a 49% stake to the co-founder of Hemptonic PTY LTD from Australia, free of charge provided that the legal entity Axis d.o.o. repay loans in the amount of BAM 32,471 within 18 months (50% in the first 9 months and the remaining 50% in the next 9 months). Postings of impairment of investments and loans in 2019 were made on the basis of the proposal of the decision of the Management Board. During 2020, an impairment of an additional BAM 17,600 was made, based on the decision of the Director of 18 December 2020. By the decision of the Director from 13 December 2021, an additional impairment in the amount of BAM 14,871 was made, which means that the loan was 100% written off on 31 December 2021. During the year 2023, previously written off receivables had been derecognized.

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NOTES TO THE FINANCIAL STATEMENTS
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14. LONG-TERM LOAN RECEIVABLES (CONTINUED)

	31 December 2023 BAM	31 December 2022 BAM
Axis d.o.o. Ilijaš	-	21,000
Axis d.o.o. Ilijaš	-	20,000
Alermed d.o.o. Sarajevo	-	10,000
Holomedia d.o.o. Čapljina	-	10,000
EduTeh d.o.o. Sarajevo	-	2,222
Tamy d.o.o. Banja Luka	2,500	6,000
Lantia d.o.o. Travnik	6,000	5,000
Igraj uči rasti d.o.o. Jelah	-	4,000
Super Žena d.o.o. Zvornik	3,800	2,550
LAHOR d.o.o. Mostar	2,550	1,667
Teta Pričalica d.o.o. Sarajevo	1,167	-
Solheat d.o.o. Živinice	2,000	2,000
Envirogreen d.o.o. Cazin	-	(150)
StudenTime d.o.o. Tuzla	-	222
Zemlja Čuda d.o.o.	228	3,200
Zaza d.o.o.	2,000	5,000
Studio Atrij d.o.o.	3,818	7,000
Quantum Medicom d.o.o.	2,572	6,000
PT Port d.o.o. Kakanj	9,167	10,000
Gemex d.o.o.	4,444	10,000
Zabubox d.o.o.	6,000	6,000
Less: Impairment of loan receivables	-	(41,000)
Less: Current portion of loan receivables	(46,246)	(82,486)
TOTAL	-	8,225

Changes in impairment of long-term loan receivables can be presented as follows:

	2023 BAM	2022 BAM
Balance at 1 January	41,000	41,000
Derecognition	(41,000)	-
Balance at 31 December	-	41,000

15. OTHER LONG-TERM RECEIVABLES

	31 December 2023 BAM	31 December 2022 BAM
Receivables based on share transfer - Ajdin Kurtić	-	29.915
Less: Impairment of receivables	-	(29.915)
Less: Current portion of other long-term receivables	-	-
TOTAL	-	-

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15. OTHER LONG-TERM RECEIVABLES (CONTINUED)

Changes in impairment of other long-term receivables can be presented as follows:

	2023 BAM	2022 BAM
Balance at 1 January	29,915	29,915
Derecognition	(29,915)	-
Balance at 31 December	-	29,915

16. DONOR RECEIVABLES AND OTHER RECEIVABLES

	31 December 2023 BAM	31 December 2022 BAM
Receivables from donors (Notes 5 and 20)	233,166	277,467
Receivables from intermediary Russian Bank	14,620	14,620
Receivables from state institutions	-	13,146
VAT receivables, net	16,541	11,263
Prepaid expenses	7,535	6,519
Receivables from employees	4,665	1,280
Advance receivables	1,362	438
Receivables from NGOs	-	-
Other	32,570	2,454
Less: Impairment of other receivables	(14,620)	-
TOTAL	295,839	327,187

Receivables from donors' analytics can be presented as follows:

	31 December 2023 BAM	31 December 2022 BAM
Receivables from donors - Project USAID	218,797	124,237
Receivables from donors - Project Interreg	-	100,968
Receivables from donors - Project Sign	-	20,444
Receivables from donors - Caritas EU	14,369	4,308
Receivables from donors - Rockefeller Brothers Fund	-	27,510
TOTAL	233,166	277,467

Changes in impairment of other short-term receivables can be presented as follows:

	2023 BAM	2022 BAM
Balance at 1 January	-	-
Increase (Note 7)	14,620	627
Direct write-off	-	(627)
Balance at 31 December	14,620	-

17. SHORT-TERM LOAN RECEIVABLES

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	31 December 2023 BAM	31 December 2022 BAM
Studio FIN d.o.o. Sarajevo	-	55,100
Current portion of loan receivables (Note 14)	46,246	82,486
TOTAL	46,246	137,586

Interest-free loan to a related legal entity Studio FIN d.o.o Sarajevo (old company name Eko Mozaik d.o.o) was originally approved in May 2017. December 2019, Annex 3 of the Agreement was signed, in accordance with which the repayment period is extended and it depends on the collection of receivables from Uniqa osiguranje d.d. (15 days after collection of receivables). During the year 2023 the loan has been repaid.

18. CASH AND CASH EQUIVALENTS

	31 December 2023 BAM	31 December 2022 BAM
Bank accounts – BAM	2,728,818	2,660,925
Bank accounts – foreign currency	113,567	248,943
Cash on hand	67	240
TOTAL	2,842,452	2,910,108

19. PROVISIONS

	31 December 2023 BAM	31 December 2022 BAM
Provision for retirement benefits	28,225	27,746
TOTAL	28,225	27,746

Movement of the provision can be shown as follows:

	2023 BAM	2022 BAM
Balance at 1 January	27,746	19,817
Utilized provisions	(6,422)	-
Increase (Note 8)	6,901	7,929
Balance at 31 December	28,225	27,746

FOUNDATION MOZAIK
NOTES TO THE FINANCIAL STATEMENTS
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20. DEFERRED INCOME

	31 December 2023 BAM	31 December 2022 BAM
Prepaid income for the project – Youth Programme	1,726,691	1,963,073
Deferred income – donations of fixed assets	366,511	557,603
Prepaid income – Tech Soup	3,159	7,180
Prepaid income - Dijaspورا	-	121,671
Prepaid income - RBF	40,680	111,560
TOTAL	2,137,041	2,761,087

Deferred income from a grant for equipment is recognized as income in the amount of the calculated depreciation of the specific equipment over its useful life. As at 31 December 2023, the stated revenues amount to BAM 285,336 (31 December 2022: BAM 248,427) (Notes 5 and 9).

20. DEFERRED INCOME (CONTINUED)

Movements in deferred income can be shown as follows:

	2023 BAM	2022 BAM
Balance at 1 January	557,603	655,110
Recognized revenue (Note 5)	(285,336)	(248,427)
Sales and disposals	(28,619)	
New donations during the period	122,863	159,901
Transfer to fixed assets	-	(8,981)
Transfer to short term deferred income	-	-
Balance at 31 December	366,511	557,603

Movements on deferred income can be shown as follows:

	Program for youth BAM	DM Project BAM	Project EF (Georgia) BAM	Project Tech soup BAM	Project SIGN BAM	Project DIJAS- PORA BAM	Rockefeller Brothers Foundation BAM	Total BAM
As at 1 January 2021	1,657,992	-	73	3,946	-		-	1,662,011
Payments of donations during the period	4,745,848	-	60,147	73,360	5,363	380,220	111,560	5,376,498
Revenue recognition*	(4,254,966)	-	(49,550)	(70,126)		(258,549)		(4,633,191)
Refund	(30,224)	-	(10,670)					(40,894)
Closing receivables	(19)	-			(5,363)			(5,382)
Transfer to long-term accruals	(155,558)	-						(155,558)
As at 31 December 2022	1,963,073	-	-	7,180	-	121,671	111,560	2,203,484
Payments of donations during the period	4,453,492	100,000	-	54,327	-	70,895	-	4,678,714
Revenue recognition*	(4,578,807)	(100,000)	-	(58,348)	-	(192,566)	(70,880)	(5,000,601)
Refund	(11,204)		-	-	-			(11,204)
Closing receivables	25,000	-	-	-	-			25,000
Transfer to long-term accruals	(122,863)	-	-	-	-			(124,863)
Transfers to other long term liabilities	(2,000)	-	-	-	-			(2,000)
As at 31 December 2023	1,726,691	-	-	3,159	-	-	40,680	1,770,530

This version of the auditors' report is translation from the original, which was prepared in Bosnian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the financial statements takes precedence over translation.

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NOTES TO THE FINANCIAL STATEMENTS
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24. TRADE PAYABLES AND OTHER LIABILITIES (CONTINUED)

* Based on the Agreement of the Foundation with Citibank Europe plc, Luxembourg Branch from 20 May 2020 regarding the Covid-19 crisis response for small businesses, funds in the amount of EUR 37,745 (BAM 66,000) from the European Fund for Southeast Europe are intended for interest-free financing of 10 business with a payback period of 24 months with a grace period of 6 months.

Funds received during 2021 in the amount of EUR 15,000 (BAM 29,337) from the European Fund for Southeast Europe are intended to finance 10 businesses under the Technical Assistance Agreement in connection with the Capital Support Project for Social Entrepreneurs signed on 29 September 2021.

24. RELATED PARTIES TRANSACTIONS

	Income		Expenses	
	2023	2022	2023	2022
	BAM	BAM	BAM	BAM
Mašta d.o.o. Sarajevo	-	-	205,149	183,488
Studio FIN d.o.o. Sarajevo	-	-	23,728	48,155
TOTAL	-	-	228,877	231,643

	Receivables		Liabilities	
	2023	2022	2023	2022
	BAM	BAM	BAM	BAM
Studio FIN d.o.o. Sarajevo	-	55,100	-	-
Mašta d.o.o. Sarajevo	39	109	-	-
TOTAL	39	55,209	-	-

The remuneration of management during the year were as follows:

	2023	2022
	BAM	BAM
Gross salaries	259,747	244,406
TOTAL	259,747	244,406

26. FINANCIAL INSTRUMENTS

Significant accounting policies

The basic accounting policies and procedures, including the recognition criteria, the basis for presentation, measurement and recognition, based on which income and expenses of each category of financial assets, liabilities and equity instruments are identified, are explained in Note 3 to the financial statements.

FOUNDATION MOZAIK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

26. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk management

The Foundation is not materially exposed to interest rate risk due to the fact that the total value of liabilities borrowed at a variable interest rate is not material (liabilities under financial leasing). In case of increase / decrease of interest rates by 50 base units, and if all other variables remain unchanged, the excess of revenues over expenditures for the year ended 31 December 2023 would be reduced / increased by BAM 0. Credit risk refers to the risk that a counterparty will fail to meet its obligations and that the topics will cause a financial loss to the Foundation.

Liquidity risk management

The ultimate responsibility for liquidity risk management lies with the Foundation's Management. The Foundation has built an appropriate liquidity risk management framework in line with short-term, medium-term and long-term liquidity management needs. The Foundation manages this risk by maintaining adequate reserves, financing through banks as well as other sources of financing, by constantly monitoring estimated and actual cash flows and comparing the maturity profiles of financial assets and liabilities.

Liquidity risk tables

The following table details the remaining contractual maturities of the Non-Derivative Financial Assets Foundation. The table is based on the undiscounted cash flows of financial assets, including interest on those assets that will be earned, except for funds on which the Foundation expects cash flows to occur in another period.

Maturities for non-derivative financial assets

	Weighted average effective interest rate %	Less than 1 month BAM	1 to 3 months BAM	3 to 12 months BAM	1 to 5 years BAM	Over 5 years BAM	TOTAL BAM
31 December 2023							
Non-interest bearing	-	3,187,875	4,520	1,824	136,615	4,300	3,335,134
TOTAL		3,187,875	4,520	1,824	136,615	4,300	3,335,134
31 December 2022							
Non-interest bearing	-	3,310,841	4,939	30,121	30,625	9,300	3,385,826
TOTAL		3,310,841	4,939	30,121	30,625	9,300	3,385,826

The following table details the remaining contractual maturities of the Foundation for Non-Derivative Financial Liabilities. The table is based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Foundation can be required to pay. The table includes interest and principal cash flows.

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26. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk management (continued)

Maturities for non-derivative financial liabilities

	Weighted average effective interest rate %	Less than 1 month BAM	1 to 3 months BAM	3 to 12 months BAM	1 to 5 years BAM	Over 5 years BAM
31 December 2023						
Non-interest bearing		343,936	-	-	90,014	433,950
TOTAL		343,936	-	-	90,014	433,950
31 December 2022						
Non-interest bearing		167,292			190,523	357,815
Fixed interest	5%	4,000	8,000	36,000	8,000	56,000
TOTAL		171,292	8,000	36,000	198,523	413,815

24. SUBSEQUENT EVENTS

Until the date of our audit, according to the Management Board, there were no events or transactions that would significantly affect the Foundation's financial statements as at 31 December 2023.

25. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Management Board and approved for issue on 26 April 2024.

Zoran Puljić, Director

