

INDEPENDENT AUDITOR'S REPORT

TO THE AUSTRIAN RED CROSS

We have audited the accompanying special purpose financial information of the project "Great Morava Early Recovery and Resilience Project", which comprises the Financial Report for the period from 1 July 2014 to 31 August 2015. The special purpose financial information has been prepared by management of the Red Cross of Serbia ("RCS"), using the cash receipts and disbursements basis of accounting.

Management's Responsibility for the Special Purpose Financial Information

Management of RCS is responsible for the preparation and fair presentation of this special purpose financial information in accordance with the cash receipts and disbursements basis of accounting; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the special purpose financial information in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the special purpose financial information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this special purpose financial information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special purpose financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the special purpose financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the special purpose financial information presents fairly, in all material respects, the cash receipts and disbursements of the project "Great Morava Early Recovery and Resilience Program" for the period from 1 July 2014 to 31 August 2015 in accordance with the cash receipts and disbursements basis of accounting.

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TO THE AUSTRIAN RED CROSS (Continued)

Opinion (Continued)

In addition, in our opinion:

- The special purpose financial information (Project Financial Report) is in accordance with the bookkeeping of RCS;
- The received funds match the bookkeeping;
- The bookkeeping matches the vouchers; and
- There are proper vouchers and supporting documentation for all the transactions reported in the special purpose financial information (Project Financial Report) and list of bills.

Basis of Accounting and Restriction on Distribution and Use

The special purpose financial information is prepared to provide information to the Austrian Red Cross ("AutRC") regarding the project "Great Morava Early Recovery and Resilience Project" ("GMERRP"), implemented with funds of AutRC, the Austrian Development Agency ("ADA"), Neighbour in Need ("NIN") and Swiss Red Cross ("SRC"). The project GMERRP was executed by RCS as implementing partner in cooperation with AutRC. As a result, the special purpose financial information may not be suitable for another purpose. This report is intended solely for AutRC, ADA, NIN, SRC and RCS, and thus, it should not be distributed to or used by other parties. The GMERRP project's accounting is maintained on the cash receipts and disbursements basis of accounting meaning that receipts and expenses are recognised only when cash is received or paid.

Belgrade, 30 September 2015



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Certified Auditor



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