

# ANNUAL REPORT

**Beginning of financial year:** 1 January 2014  
**End of financial year:** 31 December 2014

**Foundation name:** e-Governance Academy

**Registry number:** 90007000

**Street name,**  
**building number:** Tõnismägi 2  
**City:** Tallinn  
**County:** Harju maakond  
**Postcode:** 10122

**Telephone:** +372 6411313

**Email:** info@ega.ee, aile@ega.ee

**Website:** www.ega.ee

## Contents

Activity report	3
Annual financial statements	8
Statement of financial position	8
Statement of financial performance	9
Statement of cash flows	10
Statement of changes in net assets	11
Notes to the annual financial statements	12
Note 1 Significant accounting policies	12
Note 2 Receivables and prepayments	15
Note 3 Prepaid taxes and taxes payable	15
Note 4 Other receivables	16
Note 5 Property, plant and equipment	16
Note 6 Payables and advances received	17
Note 7 Payables to employees	17
Note 8 Deferred grants and transfers	17
Note 9 Grants and transfers	18
Note 10 Other income	18
Note 11 Direct expenses of projects funded with grants and transfers	19
Note 12 Personnel expenses	19
Note 13 Related party disclosures	19
Note 14 Breakdown of revenue and other income	20
Signatures to annual report	21
Independent auditors' report	22

## Activity report 2014

The e-Governance Academy (eGA) is a non-profit information society think tank and consultancy established as a foundation in 2002 based on a Memorandum of Understanding signed by the Government of the Republic of Estonia, the United Nations Development Programme (UNDP) and the Open Society Institute (OSI).

The mission of eGA is to:

- support the sustainable development of information societies through training, research and networking;
- act as a global ICT think tank and competence centre.

In 2014, eGA continued to grow its organization and activities.

Similarly to previous periods, the management board had two members.

However, eGA created the position of a communications director and hired two project managers. At the year-end, the number of people working for eGA either full- or part-time was 20; converted to the full-time equivalent, the number of staff was 13.

During the year, eGA's key domains were:

- Central e-Government, i.e. e-government solutions for central government
- Local e-Government, i.e. e-government solutions for local and regional governments
- e-Democracy
- Cyber Security

Other focus areas were practical research into the development of e-governance and collaboration with Tallinn University of Technology in the development of an International Master's Programme in e-Governance Technologies and Services.

Similarly to the previous year, in 2014 eGA's activities expanded significantly. The projects launched in Armenia, Moldova, Tunisia, Ukraine, Azerbaijan, Palestine, and Bosnia and Herzegovina continued on a full scale (in addition, a project was started in Ukraine in support of the country's newly-founded State Agency for e-Governance).

New projects of the period included projects launched in Namibia and some EU-funded projects.

The project for improving the capacity of local and regional authorities to provide e-services in the cross-border area of North-East Estonia and the Leningrad oblast region of Russia, which was funded from the EU Estonia-Latvia-Russia cross-border cooperation programme (EstLatRus programme), was completed.

eGA was actively involved in EU-funded projects as well as the EU twinning projects, for example the project started in Bosnia and Herzegovina. eGA has been included the official list of Mandated Bodies for twinning and, having gained considerable twinning experience, particularly in the field of document drafting and other practical activities, we are now capable of independently starting the application process by involving other EU partners.

Traditionally, eGA received foreign delegations and designed and arranged training visits. A list of projects, training sessions and visits can be found in the next sections of this report.

As regards conferences, the most important event of the year was the Freedom Online Coalition's (FOC) meeting of ministers and conference "Free and Secure Internet for All", hosted by the Estonian Ministry of Foreign Affairs in April 2014 in Tallinn, where eGA's role was to lead substantive preparations.

## **Key projects of 2014**

### **Armenia**

#### **Transactional e-Governance Development in Armenia**

The objective of the project, which is funded by the European Commission (EuropeAid/131-445/L/SER/AM), is to develop e-services in Armenia and support the Armenian government in offering better e-services to their citizens.

Donor: European Commission

### **Ukraine**

#### **Support in strategy planning and implementation of e-Government in Ivano-Frankivsk oblast of Ukraine**

The objective of the project is to facilitate the planning and implementation of e-government in the Ivano-Frankivsk region and the city of Lviv in Ukraine. In addition to awareness raising, various technical solutions will be implemented: digital document management systems, call centres, mobile applications, and geo-info systems.

#### **Assistance for the Ukraine Government for capacity building to develop the electronic government**

The project supports the State Agency for e-Governance in Ukraine, which was created in 2014, in its activities, policy development and organizational capacity building.

Donor: Ministry of Foreign Affairs and SIDA (Sweden)

### **Moldova**

#### **National Cyber Security Capacity Building in Moldova**

The objective of the project is to transfer strategic knowledge, assist Moldova in preparing cyber security documents of national importance (strategies, roadmaps, development plans) and promote international and national cooperation in the field.

Donor: Ministry of Foreign Affairs and Embassy of the United Kingdom in Tallinn

### **Bosnia and Herzegovina**

#### **Strengthening the efficiency of IDDEEA (Twinning Bosnia and Herzegovina)**

The objective of the project is to contribute to the development of public administration, performance of effective reforms and improvement of the quality of public services in Bosnia and Herzegovina. The project helps enhance the technical and human capacities of the Agency for Identification Documents, Registers and Data Exchange of Bosnia and Herzegovina (IDDEEA).

Donor: European Commission

### **Estonia and Russia**

#### **Increasing capacity of local governments in providing e-services in Ida-Virumaa-Leningrad oblast cross-border areas (e-G2C)**

The objective of the project is to increase the administrative capacity of three local governments in a cross-border area in the provision of e-services and to implement two of the most actively used services in the archives of the three local governments (Narva, Slantsy, and Kingissepp).

Donor: European Union (EstLatRus programme)

## **Tunisia**

### **Supporting the government of Tunisia in developing their e-government system**

The objective of the project is to develop the legal, financial and organizational setup of e-government in Tunisia, enhance personal identification management, carry out a showcase for digital documents and, if necessary, advise on the preparations required for a procurement process.

Donor: Ministry of Foreign Affairs

## **Kyrgyzstan**

### **Preparing the implementation of the e-Consul application in Kyrgyzstan**

The objective of the project is to prepare the description of the e-Consul project for the Ministry of Foreign Affairs of Kyrgyzstan and a prototype of the planned application. Project deliverables include an analysis of the local organizational framework and processes and a description of the existing and required hard- and software solutions.

Donor: Ministry of Foreign Affairs

## **Palestine**

### **Capacity building for digital security for Palestinian Authority - digital security for better governance and public services**

The objective of the project is to increase the capacity of the Palestinian Authority in the field of digital security and implement a platform for cross-use of government databases and relevant pilot services.

Donor: Ministry of Foreign Affairs

## **Namibia**

### **The Designing and Implementation of Governmental Interoperability Solution (X- Road)**

The objective of the project is to implement a full-scale governmental interoperability solution, provide relevant training and adjust regulations.

Donor: Government of Namibia

## **European Union**

### **Cloud for Europe**

The Cloud for Europe project supports the provision of new cloud computing solutions and implementation of cloud computing technologies in the public sector.

The objective of the project is to remove obstacles to cloud adoption and develop common international cloud computing requirements for the public sector. Within three years, the project should build trust in European cloud computing by promoting the provision of innovative solutions and adoption of cloud computing technologies in the public sector.

Donor: European Commission (FP7)

### **Cross-border cooperation on the electronic exchange of tax information in the Baltic Sea Region (BSR TaxI)**

The objective of the project is to make preparations for swift and secure exchange of tax information between the tax authorities of the Baltic Sea region.

Donor: EU Strategy for the Baltic Sea Region Seed Money Facility

## **Developing countries**

(Beneficiary countries: Afghanistan, Georgia, Ukraine, Moldova; all developing countries interested in Estonia's ICT solutions)

### **Development cooperation project *Introducing Estonian ICT solutions for delegations from developing countries***

The objective of the project is to arrange introductions of Estonian e-government solutions and training programmes for delegations from developing countries.

Donor: Ministry of Foreign Affairs

## **Estonia**

### **Advising on the planning and performance of Participatory Budgeting in the City of Tartu**

The primary objective of the project was to continue, in cooperation with Tartu City Government and City Council, development of the most suitable model and a detailed process description for the Participatory Budgeting process of the City of Tartu and to advise, throughout the process, on process activities and their communication to the public.

Donor: Tartu City Government

## **Conferences**

### **The Freedom Online Coalition's (FOC) annual meeting of ministers and conference "Free and Secure Internet for All" held on 28-29 April 2014 in Tallinn**

The purpose of the conference was to draft a set of internationally endorsed recommendations called the Tallinn Agenda aimed at promoting free and secure Internet and undertaking activities for its approval at the FOC annual meeting of ministers and conference "Free and Secure Internet for All" held in Tallinn on 28-29 April 2014.

Donor: Ministry of Foreign Affairs

## **Research**

### **Cryptocurrency – opportunities, threats, risks**

The study describes the evolution of cryptocurrency and how the bitcoin system works, presents the positions of different countries, highlights cryptocurrency's strengths and weaknesses, and outlines potential development scenarios. It also contains experts' suggestions on how to deal with the subject of cryptocurrency in Estonia.

Donor: Ministry of the Interior

## Training activities

Training activity	Duration		Beneficiary country	Participants
e-Governance Coordination for Nepali officials	15 December 2014	19 December 2014	Nepal	7
X-road training for Tunisians	9 December 2014	11 December 2014	Tunisia	7
Faroe Islands delegation of ministers	29 October 2014	1 November 2014		7
Estonian X-road and ID-card	22 September 2014	25 September 2014	Saudi Arabia	5
Study tour on Estonian e-services, B&H twinning, component 1	14 September 2014	20 September 2014	Bosnia and Herzegovina	13
e-Governance Leadership Programme	22 August 2014	29 August 2014	India	26
Consultations on the Draft ICT Law	10 August 2014	16 August 2014	Afghanistan	13
Digital identity management in Estonia	8 July 2014	10 July 2014	Switzerland	3
China: e-consultations	3 July 2014	4 July 2014	China	7
Implementation of the digital interoperability for Palestine Government 2014-2015	16 June 2014	19 June 2014	Palestine	5
Support to the Strategic Development of the IT system within the Serbian Ministry of the Interior	16 June 2014	17 June 2014	Serbia	11
Estonian experience of the implementation of the online governance: organization, legislation, key components	4 June 2014	5 June 2014	Ukraine	8
Workshop on Estonian e-and m-governance	1 June 2014	6 June 2014	Bhutan	12
Estonian e-voting system	19 May 2014	22 May 2014	United Arab Emirates	6
Estonian e-governance	12 May 2014	16 May 2014	Kyrgyzstan	11
LEND workshop	6 May 2014	10 May 2014	Moldova, Tunisia, Ukraine	18
Estonian e-ID and e-governance	30 March 2014	5 April 2014	Tunisia	11
Estonian e-gov. solutions	4 March 2014	6 March 2014	Mongolia	4
Albanian study visit on Estonian e-governance solutions	17 February 2014	22 February 2014	Albania	7
Capacity building of NGOs	9 February 2014	15 February 2014	Belarus	12



Arvo Ott  
Member of Management Board

## Annual financial statements

### Statement of financial position

(In euros)

As at 31 December	2014	2013	Note
<b>Assets</b>			
Current assets			
Cash and cash equivalents	936,206	676,567	
Receivables and prepayments	720,370	710,147	2, 4
<b>Total current assets</b>	<b>1,656,576</b>	<b>1,386,714</b>	
Non-current assets			
Property, plant and equipment	9,732	8,811	5
<b>Total non-current assets</b>	<b>9,732</b>	<b>8,811</b>	
<b>Total assets</b>	<b>1,666,308</b>	<b>1,395,525</b>	
<b>Liabilities and net assets</b>			
Liabilities			
Current liabilities			
Loan liabilities	47	408	
Payables and advances received	808,142	305,016	6, 7
Deferred grants and transfers	777,072	1,010,572	8
<b>Total current liabilities</b>	<b>1,585,261</b>	<b>1,315,996</b>	
Non-current liabilities			
Loan liabilities	0	47	
<b>Total non-current liabilities</b>	<b>0</b>	<b>47</b>	
<b>Total liabilities</b>	<b>1,585,261</b>	<b>1,316,043</b>	
<b>Net assets</b>			
Capital of the foundation at par value	383	383	
Accumulated surpluses/deficits	79,099	-14,717	
Surplus for the year	1,565	93,816	
<b>Total net assets</b>	<b>81,047</b>	<b>79,482</b>	
<b>Total liabilities and net assets</b>	<b>1,666,308</b>	<b>1,395,525</b>	

Initialled for identification purposes only

Allkirjastatud identifitseerimiseks

Date/kuupäev.....05.07.2015.....

Signature/allkiri..........

KPMG, Tallinn

## Statement of financial performance

(In euros)

	2014	2013	Note
Revenue and other income			
Grants and transfers	2,172,010	1,462,712	9
Revenue from trading activities	91,572	65,185	
Other income	117,417	98,061	10
<b>Total revenue and other income</b>	<b>2,380,999</b>	<b>1,625,958</b>	<b>14</b>
Expenses			
Direct expenses of projects funded with grants and transfers	-2,196,334	-1,415,715	11
Other operating expenses	-107,411	-68,686	
Personnel expenses	-101,378	-39,605	12
Depreciation and impairment losses	-4,254	-4,209	5
<b>Total expenses</b>	<b>-2,409,377</b>	<b>-1,528,215</b>	
<b>Deficit/surplus on operating activities</b>	<b>-28,378</b>	<b>97,743</b>	
Other finance income and costs	29,943	-3,927	
<b>Surplus for the year</b>	<b>1,565</b>	<b>93,816</b>	

Initialled for identification purposes only

Allkirjastatud identifitseerimiseks

Date/kuupäev..... 05.07.2015 .....

Signature/allkiri.....  .....

KPMG, Tallinn

## Statement of cash flows

(In euros)

	2014	2013	Note
Cash flows from operating activities			
Deficit/surplus on operating activities	-28,378	97,743	
Adjustments for			
Depreciation and impairment losses	4,254	4,209	5
Gain/loss on sale of property, plant and equipment	0	-1,150	5
<b>Total adjustments</b>	<b>4,254</b>	<b>3,059</b>	
Change in receivables and prepayments	-10,223	-270,121	2
Change in payables and advances received	503,126	241,414	6
Interest received	275	783	
Interest paid	-355	-519	
Proceeds from grants and transfers received	-233,500	426,312	8
Other cash flows from operating activities	10,214	0	
<b>Net cash from operating activities</b>	<b>245,413</b>	<b>498,671</b>	
Cash flows from investing activities			
Paid on acquisition of property, plant and equipment	-5,175	-5,791	5
<b>Net cash used in investing activities</b>	<b>-5,175</b>	<b>-5,791</b>	
Cash flows from financing activities			
Repayment of loans received	-360	-90	
Payment of finance lease principal	-47	-233	
<b>Net cash used in financing activities</b>	<b>-407</b>	<b>-323</b>	
<b>Net cash flow</b>	<b>239,831</b>	<b>492,557</b>	
Cash and cash equivalents at beginning of period	676,567	188,201	
<b>Increase in cash and cash equivalents</b>	<b>239,831</b>	<b>492,557</b>	
Effect of movements in foreign exchange rates	19,808	-4,191	
Cash and cash equivalents at end of period	936,206	676,567	

Initialled for identification purposes only

Allkirjastatud identifitseerimiseks

Date/kuupäev.....05.07.2015.....

Signature/allkiri.....

KPMG, Tallinn

## Statement of changes in net assets

(In euros)

			Total net assets
	Capital of the foundation at par value	Accumulated deficits/surpluses	
As at 31 December 2012	383	-14,717	-14,334
Surplus for the year	0	93,816	93,816
As at 31 December 2013	383	79,099	79,482
Surplus for the year	0	1,565	1,565
As at 31 December 2014	383	80,664	81,047

Initialled for identification purposes only

Allkirjastatud identifitseerimiseks

Date/kuupäev.....05.07.2015.....

Signature/allkiri..........

KPMG, Tallinn

## Notes to the annual financial statements

### Note 1 Significant accounting policies

#### General information

##### Basis of preparation

The annual financial statements of the e-Governance Academy (hereafter also referred to as 'the foundation') have been prepared in accordance with the Republic of Estonia Accounting Act and generally accepted accounting principles (the Estonian GAAP). The basic requirements of the Estonian GAAP are set out in the Estonian Accounting Act and more specific guidance is provided in the standards issued by the Estonian Accounting Standards Board.

The financial statements have been prepared on the historical cost basis except for the cases described otherwise in these accounting policies.

The financial statements are presented in euros.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current accounts, demand deposits, term deposits with a short maturity (less than three months) and units in money market funds that are not subject to a material risk of changes in market value.

#### Presentation of the statement of cash flows

Cash flows from operating activities are reported using the indirect method – the net cash flow from operating activities is determined by adjusting surplus or deficit on operating activities for the effects of non-cash items and changes in operating receivables and payables.

Cash flows from investing and financing activities are reported using the direct method.

#### Foreign currency transactions and financial assets and liabilities denominated in a foreign currency

A transaction in a foreign currency is recorded by applying the exchange rate of the European Central Bank of the date of the transaction. At the reporting date, foreign currency monetary items are translated to euros using the closing exchange rates of the European Central Bank. Exchange gains and losses arising on translation are recognised in the statement of financial performance.

#### Financial assets

Financial assets comprise cash, short-term investments in financial assets, trade receivables and other current and non-current receivables. When a financial asset is recognised initially, it is measured at its cost, which is the fair value of the consideration given for it. The initial cost of a financial asset comprises all transaction charges directly attributable to its acquisition.

Purchases and sales of financial assets are consistently recognised at the settlement date, i.e. at the date the assets are transferred to or by the foundation.

#### Receivables and prepayments

##### Trade receivables

Trade receivables comprise short-term receivables acquired in the course of the foundation's ordinary activities. Trade receivables are measured at their amortised cost (i.e. at nominal value less and repayments and impairments).

A trade receivable denominated in a foreign currency is recorded initially by applying the exchange rate of the European Central Bank of the date of the transaction. At the reporting date, foreign currency trade receivables are translated to euros using the exchange rates of the European Central Bank ruling at that date.

Trade receivables are assessed for impairment on an individual basis, i.e. the collectibility of each amount due under an invoice or a contract is assessed separately. When individual assessment is not practicable due to the large number of items involved, only significant receivables are assessed for impairment on an individual basis. The rest of the receivables are assessed for impairment collectively by reference to the foundation's historical experience with uncollectible items. Recovery of doubtful (impaired) receivables written down in a prior period is recognised by reducing expenses from doubtful receivables. Trade receivables whose collection is doubtful are recognised as expenses in accordance with the provisions of the Accounting Act.

##### Other receivables

All other receivables (accrued income, loans provided and other current and non-current receivables) except for items acquired for resale are measured at their amortised cost.

Initialled for identification purposes only  
 Allkirjastatud identifitseerimiseks  
 Date/kuupäev.....05.07.2015.....  
 Signature/allkiri.....  
 KPMG, Tallinn

As a rule, the amortised cost of a current receivable is equal to its nominal value (less any impairment losses). Therefore, a current receivable is carried in the statement of financial position in the amount that is expected to be collectible. A non-current receivable is recognised initially at the fair value of the consideration receivable. In subsequent periods, it is measured and interest income is charged on it using the effective interest rate method. Receivables acquired for resale are measured at their fair value.

### Property, plant and equipment and intangible assets

#### Non-current assets

In line with the materiality concept, an asset is recognised as non-current if its cost exceeds 320 euros and estimated useful life extends beyond a year.

An item of property, plant and equipment is recognised initially at its cost, which comprises its purchase price (including import duties and other non-refundable taxes) and other direct costs incurred in bringing the asset to the location and condition necessary. After initial recognition, an item of property, plant and equipment is carried at its cost less any accumulated depreciation and any impairment losses.

Items of property, plant and equipment are depreciated over their estimated useful lives using the straight-line method as follows:

Office furniture: within 10 years, i.e. at the rate of 10% per year

Other equipment, fixtures and IT equipment: within 3 years, i.e. at the rate of 33.3% per year.

In the statement of financial position, non-current assets are classified in line with the format provided in the Accounting Act. The foundation has the following classes of non-current assets:

- Property, plant and equipment, which comprises office equipment and furniture

Where an item of property, plant and equipment consists of parts that have different useful lives, the parts are accounted for separately and assigned depreciation rates that correspond to their useful lives. Where the recoverable amount of an item of property, plant and equipment (i.e. the higher of its net selling price and value in use) declines below its carrying amount, the asset is written down to its recoverable amount.

#### Threshold for recognising assets as items of property, plant and equipment and intangible assets 320 euros

#### Leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the foundation. All other leases are classified as operating leases.

#### The foundation as a lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charge (interest expense) and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. A leased asset is depreciated similarly to assets that are owned. When it is not sufficiently certain that the lessee will acquire the asset by the end of the lease term, the leased asset is depreciated over the shorter of its lease term and estimated useful life.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

#### Financial liabilities

Financial liabilities comprise trade payables, loans and borrowings, accrued expenses and other current and non-current payables. When a financial liability is recognised initially, it is measured at its cost which is the fair value of the consideration received for it. The initial cost of a financial liability comprises all transaction charges directly attributable to its acquisition. After initial recognition, financial liabilities are measured at their amortised cost.

A financial liability is removed from the statement of financial position when it is discharged or cancelled or expires.

#### Grants and transfers

The activities of the e-Governance Academy are financed to a significant extent with grants and transfers.

In the statement of financial performance, the item *Grants and transfers* comprises specific-purpose grants and transfers – for example, the transfers received for carrying out the development cooperation projects of the Ministry of Foreign Affairs, the grants provided by Open Estonia Foundation and specific-purpose grants and transfers received from other organizations and persons.

The cash received for a project is recognised in the statement of financial position as a liability (deferred income), which is taken to revenue in proportion to the expenses incurred in the reporting period in respect of the same project or at the rate of execution of the project. When a financed activity (project) ends, the foundation has to submit to the provider of the specific-purpose grant (the donor) a report on the use of funds received. As a rule, the amount of a grant that remains unused is returned.

Initialled for identification purposes only  
 Allkirjastatud identifitseerimiseks  
 Date/kuupäev.....05.07.2015.....  
 Signature/allkiri.....  
 KPMG, Tallinn

When the expenses of a project funded with a specific-purpose grant are incurred in the eligibility period and meet the eligibility rules but the cash to be provided by the donor has not yet been received, the expenses are recognised as project expenses in the period in which they are incurred and are taken to revenue in the same amount in accordance with the principle of matching revenues and expenses. An amount of the same size is recognised as a receivable until cash is received from the donor.

*Other income* comprises other project-based funding provided by donors for specific-purpose projects or training. The cash received for a project is recognised in the statement of financial position as a liability (deferred income), which is taken to revenue in proportion to the expenses incurred in the reporting period in respect of the same project or at the rate of execution of the project. *Other income* comprises mainly financing for short-term projects and training events.

Grants are recognised as income on a systematic basis over the periods in which the foundation recognises as expenses the costs for which the grants are intended to compensate. A grant received for compensating for expenses incurred in previous periods or which do not have any attaching conditions that have to be complied with in the future are recognised as income in the period in which the grant was provided. A grant is not recognised as income until there is reasonable assurance that the foundation will comply with the conditions attaching to the grant and the grant proceeds become receivable. In the statement of cash flows, specific-purpose grants are reported using the indirect method.

#### Revenue from trading activities

Revenue from trading activities comprises income generated by economic activities. The item also includes successful bids for public procurement projects, short-term consulting revenue and revenue from services that support the foundation's statutory activities.

#### Related parties

The foundation considers parties to be related when one controls the other or exerts significant influence on the other's operating decisions. Related parties include:

- the founders;
- members of the executive and higher governing bodies; and
- close family members of and companies under the control or significant influence of the above persons.

#### Vacation pay liability

Expenses related to the vacation pay liability are recognised in the period in which the liability arises. The vacation pay liability is adjusted on an annual basis – at the end of the financial year. The vacation pay earned by the employees is recognised as an expense in the statement of financial performance and a current liability to employees in the statement of financial position.

#### Events after the reporting period

The financial statements reflect all significant events affecting the valuation of assets and liabilities that became evident between the reporting date (31 December 2014) and the date on which the financial statements were authorised for issue but are related to the reporting or prior periods. Subsequent events that are indicative of conditions that arose after the reporting date but which will have a significant effect on the result of the next financial year are disclosed in the notes to the financial statements.

Initialled for identification purposes only  
 Allkirjastatud identifitseerimiseks  
 Date/kuupäev.....05.07.2015.....  
 Signature/allkiri.....  
 KPMG, Tallinn

## Note 2 Receivables and prepayments

(In euros)

	As at 31 December 2014	Within 12 months	Note
Trade receivables	410,268	410,268	
Accounts receivable	410,268	410,268	
Other receivables	56,646	56,646	
Accrued income	56,646	56,646	4
Prepayments	88,409	88,409	
Miscellaneous receivables and prepayments	165,047	165,047	
<b>Total receivables and prepayments</b>	<b>720,370</b>	<b>720,370</b>	

  

	As at 31 December 2013	Within 12 months	Note
Trade receivables	295,266	295,266	
Accounts receivable	295,266	295,266	
Other receivables	60,399	60,399	
Accrued income	60,399	60,399	4
Prepayments	112,482	112,482	
Miscellaneous receivables and prepayments	242,000	242,000	4
<b>Total receivables and prepayments</b>	<b>710,147</b>	<b>710,147</b>	

The item "Miscellaneous receivables and prepayments" comprises the amount that had to be placed in a security deposit in the framework of the project "Transactional e-Governance Development in Armenia" in exchange of a bank guarantee to project prepayments made by the European Commission. The amount of the security deposit is 165,047 euros.

The security deposit pledge agreement expires on 14 February 2016 but may be ended earlier, when the European Commission accepts the final report and releases the bank guarantee.

## Note 3 Prepaid taxes and taxes payable

(In euros)

As at 31 December	2014	2013
	Payable	Payable
Value added tax	437	5,027
Personal income tax	7,465	6,492
Income tax on fringe benefits	676	302
Social security tax	13,500	11,597
Statutory funded pension contributions	637	385
Unemployment insurance contributions	890	794
Late payment interest	4	0
<b>Total</b>	<b>23,609</b>	<b>24,597</b>

Initialled for identification purposes only  
 Allkirjastatud identifitseerimiseks  
 Date/kuupäev..... 05.07.2015  
 Signature/allkiri.....  
 KPMG, Tallinn

See also note 6.

## Note 4 Other receivables

(In euros)

	As at 31 December 2014	Within 12 months	Note
Accrued income	56,646	56,646	2
Receivables from donors	55,190	55,190	
Miscellaneous short-term receivables	1,456	1,456	
<b>Total other receivables</b>	<b>56,646</b>	<b>56,646</b>	

  

	As at 31 December 2013	Within 12 months	Note
Accrued income	60,399	60,399	2
Receivables from donors	52,097	52,097	
Miscellaneous short-term receivables	8,302	8,302	
<b>Total other receivables</b>	<b>60,399</b>	<b>60,399</b>	

## Note 5 Property, plant and equipment

(In euros)

	Computers and computer systems	Plant and equipment	Total
<b>As at 31 December 2013</b>			
Cost	24,412	24,412	24,412
Accumulated depreciation	-15,601	-15,601	-15,601
<b>Carrying amount</b>	<b>8,811</b>	<b>8,811</b>	<b>8,811</b>
<b>As at 31 December 2014</b>			
Cost	29,587	29,587	29,587
Accumulated depreciation	-19,855	-19,855	-19,855
<b>Carrying amount</b>	<b>9,732</b>	<b>9,732</b>	<b>9,732</b>

Initialled for identification purposes only  
 Allkirjastatud identifitseerimiseks  
 Date/kuupäev.....05.07.2015.....  
 Signature/allkiri.....  
 KPMG, Tallinn

## Note 6 Payables and advances received

(In euros)

	As at 31 December 2014	Within 12 months	Note
Trade payables	751,464	751,464	
Payables to employees	32,801	32,801	7
Taxes payable	23,609	23,609	3
Other payables	268	268	
<b>Total payables and advances received</b>	<b>808,142</b>	<b>808,142</b>	

  

	As at 31 December 2013	Within 12 months	Note
Trade payables	13,316	13,316	
Payables to employees	19,075	19,075	7
Taxes payable	24,597	24,597	3
Other payables	248,028	248,028	
<b>Total payables and advances received</b>	<b>305,016</b>	<b>305,016</b>	

## Note 7 Payables to employees

(In euros)

As at 31 December	2014	2013	Note
Vacation pay liability	22,557	15,936	
Salaries payable	487	2,232	
Other payables to employees	9,757	907	
<b>Total payables to employees</b>	<b>32,801</b>	<b>19,075</b>	<b>6</b>

## Note 8 Deferred grants and transfers

(In euros)

Assets at gross cost

	31 Dec 2012	Received	Returned	Income	31 Dec 2013
Specific-purpose grants related to income					
Grants for projects	584,260	1,653,522	-1,750	-1,225,460	1,010,572
<b>Total grants related to income</b>	<b>584,260</b>	<b>1,653,522</b>	<b>-1,750</b>	<b>-1,225,460</b>	<b>1,010,572</b>
<b>Total grants and transfers</b>	<b>584,260</b>	<b>1,653,522</b>	<b>-1,750</b>	<b>-1,225,460</b>	<b>1,010,572</b>

Initialled for identification purposes only

Allkirjastatud identifitseerimiseks

Date/kuupäev..... 05.07.2015 .....

Signature/allkiri.....  .....

KPMG, Tallinn

	31 Dec 2013	Received	Returned	Income	31 Dec 2014
Specific-purpose grants related to income					
Grants for projects	1,010,572	1,219,175	-21,390	-1,431,285	777,072
<b>Total grants related to income</b>	<b>1,010,572</b>	<b>1,219,175</b>	<b>-21,390</b>	<b>-1,431,285</b>	<b>777,072</b>
<b>Total grants and transfers</b>	<b>1,010,572</b>	<b>1,219,175</b>	<b>-21,390</b>	<b>-1,431,285</b>	<b>777,072</b>

## Note 9 Grants and transfers

(In euros)

	2014	2013
Specific-purpose grants related to income (for covering operating expenses)	44,480	19,173
Specific-purpose grants for carrying out projects	2,127,530	1,443,539
<b>Total grants</b>	<b>2,172,010</b>	<b>1,462,712</b>
Of which transfers from state budget	598,934	328,256
Other specific-purpose grants	1,573,076	1,134,456

Monetary and non-monetary donations		
	2014	2013
<b>Total donations</b>	<b>6,400</b>	<b>0</b>

## Note 10 Other income

(In euros)

	2014	2013
Other project-based specific-purpose funding	112,509	97,246
Miscellaneous income	4,908	815
<b>Total other income</b>	<b>117,417</b>	<b>98,061</b>

Initialled for identification purposes only  
 Allkirjastatud identifitseerimiseks  
 Date/kuupäev... 03.07.2015  
 Signature/allkiri...  
 KPMG, Tallinn

## Note 11 Direct expenses of projects funded with grants and transfers

(In euros)

	2014	2013	Note
Transport expenses	178,982	75,354	
Miscellaneous office expenses	65,183	38,297	
Travel expenses	62,942	109,761	
Personnel expenses	468,489	384,146	12
Depreciation expense	432	341	
Expenses on visas	1,558	355	
Training participants' accommodation expenses	31,830	25,281	
Other project/training execution expenses	1,386,918	782,180	
<b>Total direct expenses of projects funded with grants and transfers</b>	<b>2,196,334</b>	<b>1,415,715</b>	

The item *Other project/training execution expenses* comprises the expenses incurred by the foundation in connection with the execution of training events and seminars as well as the administrative expenses of organising conferences. A major share of expenses is made up of payments made by the foundation as the lead partner to project partners and subcontractors that have contributed to the substantive execution of the projects. The item also includes expenses incurred in connection with the execution of projects in beneficiary countries and the projects' audit expenses.

## Note 12 Personnel expenses

(In euros)

	2014	2013	Note
Salary expenses	423,303	315,379	
Social security charges	139,614	108,372	
<b>Total personnel expenses</b>	<b>562,917</b>	<b>423,751</b>	
Of which recognised as direct expenses of projects funded with grants and transfers	468,489	384,146	11
<b>Average number of staff converted to full-time equivalent</b>	<b>13</b>	<b>12</b>	

At the reporting date, the e-Governance Academy had 21 employees. Converted to the full-time equivalent, the average number of staff was 13.11.

## Note 13 Related party disclosures

(In euros)

### Balances and transactions with related parties

2014	Purchases
Members of the executive and higher management and individuals with a significant participation and companies under their control or significant influence	3,150

Initialled for identification purposes only  
 Allkirjastatud identifitseerimiseks  
 Date/kuupäev.....05.07.2015.....  
 Signature/allkiri.....  
 KPMG, Tallinn

2013	Purchases
Members of the executive and higher management and individuals with a significant participation and companies under their control or significant influence	43,806

Remuneration and other significant benefits provided to the executive and higher management	2014	2013
Remuneration provided	129,300	89,000

The item of purchases from "Members of the executive and higher management and individuals with a significant participation and companies under their control or significant influence" comprises purchases of consulting, lecturing and advisory services from OÜ PPM Eesti.

## Note 14 Breakdown of revenue and other income

### Breakdown of revenue and other income

Explanation	2014	2013
<b>REVENUE</b>		
<b>GRANTS AND TRANSFERS (Specific-purpose funding)</b>		
Republic of Estonia grants and transfers for development cooperation projects	554,454	309,083
Republic of Estonia grants and transfers related to operating expenses	44,480	19,173
Grants from Open Estonia Foundation	46,765	85,238
Other grants and transfers	1,526,311	1,049,219
<b>TOTAL GRANTS AND TRANSFERS (Specific-purpose funding) (Note 9)</b>	<b>2,172,010</b>	<b>1,462,712</b>
<b>OTHER INCOME</b>		
<b>Other project-based funding</b>		
Funding from other international organizations	106,110	97,246
<b>Total other project-based funding</b>	<b>106,110</b>	<b>97,246</b>
Miscellaneous income	11,307	815
<b>Total other income (Note 10)</b>	<b>117,417</b>	<b>98,061</b>
Revenue from trading activities	91,572	65,185
<b>TOTAL REVENUE AND OTHER INCOME</b>	<b>2,380,999</b>	<b>1,625,958</b>

Initialled for identification purposes only  
 Allkirjastatud identifitseerimiseks  
 Date/kuupäev... 05.07.2015  
 Signature/allkiri...  
 KPMG, Tallinn

## Signatures to annual report

The management board has prepared this annual report for 2014, which comprises Activity report 2014 and Annual financial statements.

  
\_\_\_\_\_  
Arvo Ott  
Member of Management Board  
\_\_\_\_\_  
Hannes Astok  
Member of Management Board

Initialed for identification purposes only  
Allkirjastatud identifitseerimiseks  
Date/kuupäev.....05.07.2015.....  
Signature/allkiri.....  
KPMG, Tallinn



**KPMG Baltics OÜ**  
Narva mnt 5  
Tallinn 10117  
Estonia

Telephone +372 6 268 700  
Fax +372 6 268 777  
Internet [www.kpmg.ee](http://www.kpmg.ee)

## **Independent Auditors' Report** *(Translation of the Estonian original)*

To the supervisory board of e-Governance Academy

We have audited the accompanying financial statements of e-Governance Academy, which comprise the statement of financial position as at 31 December 2014, the statement of financial performance, the statement of changes in net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The audited financial statements are presented on pages 8 to 21.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Estonia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (Estonia). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 financial statements 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 made by management, as well as evaluating the overall presentation of the financial statements.

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 financial statements present fairly, in all material respects the financial position of e-Governance Academy as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with the accounting principles generally accepted in Estonia.

Tallinn, 5 July 2015

Indrek Alliksaar  
Certified Public Accountant, Licence No 446

KPMG Baltics OÜ  
Audit Firm Licence No 17  
Narva mnt 5, Tallinn