

# ANNUAL REPORT

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**End of financial year:** 31 December 2016

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## Activity report 2016

e-Governance Academy (eGA) is an independent mission-based non-profit organisation, brought into existence by the United Nations Development Programme, Open Society Institute and the Government of Estonia in 2002. eGA is audited by an internationally recognised audit firm, currently KPMG Baltics.

eGA inspires, trains and advises public sector leaders, officials and stakeholders in using information technology to increase government efficiency and transparency and improve democratic processes. Additionally, in cooperation with companies eGA assists foreign governments in the design, selection and implementation of e-solutions.

eGA has trained over 3,000 officials from more than 60 countries and led or participated in more than 60 international development projects on the national, local and organisational levels.

eGA has extensive experience in the development of e-governance in transitional societies, particularly in Central and Eastern Europe, the Balkans, and Africa. In addition, eGA has excellent cooperation with countries of the European Union (Finland, Sweden, Netherlands, Latvia, and many others).

eGA is a member of the Estonian Roundtable for Development Cooperation and the Network of Estonian Non-Profit Organisations. In carrying out its activities, eGA follows the Code of Ethics of Estonian non-profit organisations.

### Development of the organisation

In 2016, eGA's organisation and activities sustained growth. The management board continued with two members.

Altogether, in 2016 eGA had 24 staff working under employment contracts and one new position was filled. The year-end number of part- and full-time employees was 24, converted to full-time equivalent 18.

In addition, eGA works closely with more than fifty e-governance experts and many companies involved in the area.

### Strategic activities

eGA's strategic goal is to become the world's leading e-governance consultancy and think tank.

The scope and geographic reach of eGA's projects continued to widen in 2016. eGA's activities have been introduced at numerous international conferences and eGA is increasingly invited to join international cooperation projects as a recognised partner. In 2016, eGA hosted and trained a significant number of delegations. In addition, eGA participated as a partner in the EU's research and development projects.

In 2016, eGA held another Tallinn e-governance conference which is a highlight of the year for both Estonia and eGA. The conference gives excellent opportunities for introducing and disseminating information about one's activities and achievements and developing new cooperation projects.

eGA started to make preparations for applying for an ISO quality management certificate in 2017.

eGA completed the renewal of its communication strategy and visual identity.

Also, eGA started its largest project to date, EGOV4UKRAINE, which is designed to support the Ukrainian government. The budget of the project is 5.7 million euros and it will be carried out from 2016 to 2020. The donors of the project are the European Union and the Swedish and Estonian governments.

During the period, our key domains were:

- Central e-Government
- Local e-Government
- e-Democracy
- Cyber Security

In 2016, the volume of our activities grew considerably. The projects in Armenia, Ukraine, Namibia, Kyrgyzstan, Moldova, Georgia and Cyprus continued on a full-scale basis.

We hosted many important guests, including the presidents of Estonia and Benin and many ministers.

A major project for implementing the cyber security index continued. The index was declared in May 2016 by the Estonian Foreign Minister Marina Kaljurand. eGA works to promote implementation of the cyber security index in as many countries as possible, which in turn would increase both Estonia's and eGA's global recognition in the area.

The importance of technology transfer projects in which we involve different ICT companies continues to grow. This has led to the emergence of two key areas – creation of interoperability architectures and solutions (based on the Estonian X-Road solution) and testing of digital identities (based on the Estonian ID card and mobile ID). In addition to technology transfer we offer our clients consulting services in the area of critical non-technological components: regulations, organisation and restructuring of public services.

We also increased our participation in international procurements both as leaders and partners in various consortiums. This was underpinned by our employees' specialisation in preparing procurements and developing project proposals. We will continue to develop this area as a potential source of growth in eGA's operating volumes and geography.

### **Key projects**

#### **Tallinn e-Governance Conference 2016**

The Tallinn e-Governance Conference 2016 was held on 30-31 May 2016. The main theme of the conference was the impact of e-governance on the economic development of countries and the state of democracy. The representative of the World Bank introduced their recent report on digital dividends, i.e. measurable benefits that states gain from the development of the digital sector and e-governance. In addition, there were separate sessions on the implementation of e-governance solutions on small islands, the evaluation of cyber security capacity and challenges that e-governance is facing in the EU's Eastern partnership countries.

The main speakers of the conference were the president of Estonia Toomas Hendrik Ilves, the digital development minister of France Axelle Lemaire and the IT minister of Mauritius Etienne Sinatambou. Altogether the conference attracted 300 delegates from 37 countries. *Donors: Ministry of Foreign Affairs, European Commission, SIODA, USAID and sponsors.*

<http://2016.tallinnconference.ee>

#### **e-government measures for supporting the Ukrainian administrative reform "EOV4UKRAINE" 2016–2020**

The purpose of the project is to improve the provision of public services by the Ukrainian local governments with the help of e-government tools in line with the objectives of the Ukrainian administrative reform and to offer systematic support in the implementation of e-government. During the project, a secure intra-governmental data exchange solution and a digital work desk for the service centre staff will be implemented and support will be provided for the development of public services at the service centres by simplifying and accelerating service provision through use of the data maintained in the national registers. *Donors: European Commission, Swedish and Estonian governments.*

**Strengthening e-governance in Georgia 2015–2017**

The objective of the EU twinning project is to strengthen the human resources and institutional capacity of the Data Exchange Agency of Georgia in the field of e-governance in line with the EU standards. *Donor: European Commission.*

**Implementation of e-inclusion solutions in Georgian local governments, the Ministry of Health and the Ministry of Finance 2016-2018**

The aim of the project is to support the democratic development of the Georgian local governments and to pilot and adjust the inclusion methods and e-solutions implemented by Estonian local governments in three cities in Georgia: Kutaisi, Batumi, and Akhaltsikhe. In addition, the Georgian ministries will be advised on the disclosure of information. *Donors: USAID and Ministry of Foreign Affairs.*

**Cloud for Europe 2013–2017**

The project supports offering of new cloud computing solutions and implementation of cloud computing technologies in the public sector. The objective is to remove obstacles to the implementation of cloud computing and determine a set of international public sector requirements. The project has 24 partners from 11 European countries. *Donor: European Commission.*

**Implementation of an interoperability solution in Namibia 2015–2016**

The objective of the project was to implement a governmental interoperability solution and develop relevant organisational capacities and regulatory framework in Namibia. The project was carried out in cooperation with Cybernetica AS. *Donor: Government of Namibia.*

**Introducing Estonian ICT solutions to delegations from developing countries 2015–2017**

The objective of the project is to arrange introductions of Estonian e-governance solutions and training programmes for delegations from developing countries and, if necessary, organise similar presentations in developing countries. *Donor: Ministry of Foreign Affairs.*

**Increasing the capacity for the development of participatory democracy, open governance & efficient e-government services in Eastern Partnership Countries 2015–2016**

The objective of the project was to increase the capacity for the development of participatory democracy, open governance and e-services in six Eastern partnership countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine). *Donor: Ministry of Foreign Affairs of Finland.*

**e-Governance support to the Ukrainian local governments 2014–2016**

The objective of the project was to implement e-governance applications in Ukrainian cities and regions (oblasts) (in the Ivano-Frankivsk oblast administration and the cities of Ivano-Frankivsk, Kalush, Dolyna and Lviv) in four areas: Electronic Document Management System (EDMS), Call Centre, Geographical Information System (GIS) and Mobile Applications. *Donors: Swedish International Development Cooperation Agency SIDA and Ministry of Foreign Affairs.*

**e-Governance capacity building in Ukraine 2015–2016**

The objective of the project was to increase Ukraine's capacity for e-governance, with a focus on building the capacity of the Ukrainian State Agency of e-Government in strategic communication, intra-governmental collaboration and development of e-services. *Donors: USAID (Emerging Donors Challenge Fund) and Ministry of Foreign Affairs.*

**e-government measures for supporting the Ukrainian administrative reform "EGOV4UKRAINE" 2016–2020**

The objective of the project is to improve the provision of public services by the Ukrainian local governments by developing service centres' readiness to exchange data with national central registers and thereby to provide e-services. *Donors: SIDA, U-LEAD and Ministry of Foreign Affairs.*

**Development of e-governance at the Armenian Ministry of Justice 2015–2017**

The objective of the project is to enhance the capacity of the Armenian Ministry of Justice for electronic provision of public services and to increase the ministry's internal efficiency and transparency as well as the accessibility of its services. *Donor: European Commission.*

**National cyber security capacity building in Moldova 2014–2017**

The objective of the project is to ensure systematic development of cyber security in Moldova. The project helps increase cyber security knowledge and build a modern cyber security culture in the Moldovan society. *Donor: Ministry of Foreign Affairs.*

**Implementation of a National Cyber Security Index in Moldova 2015–2016**

The objective of the project was to develop a national cyber security assessment methodology and implement it in Moldova. The outcome of the project was a universal methodology (index) that allows assessing a country's cyber security situation or a central aspect of it. Moldova is the pilot country for testing the methodology. *Donor: Ministry of Foreign Affairs.*

**Improving access to judicial decisions in Moldova 2015–2016**

The objective of the project was to digitise the currently paper-based Moldovan courts archives so as to provide fast and convenient online access to court information not currently available in digital form and online searches of cases and rulings based on multiple search criteria. The proposed system will enhance the transparency of the courts' activities and provide public user-friendly access to information and services. *Donors: USAID (Emerging Donors Challenge Fund) and Ministry of Foreign Affairs.*

**Interoperability framework for Kyrgyzstan 2015–2016**

The objective of the project was to build the Kyrgyz government's capacity for keeping data in digital form and develop an interoperability solution for data exchange between the government's databases in order to offer citizens, businesses and government institutions e-services. *Donors: USAID and Ministry of Foreign Affairs.*

**Training civil society representatives from Uzbekistan in e-governance and use of ICT solutions 2015–2016**

The objective of the project was to train civil society representatives from Uzbekistan in the field of information and communications technology (ICT) to increase their knowledge of ICT developments and capacity for using e-services. *Donors: USAID and Ministry of Foreign Affairs.*



**Norwegian-Estonian e-government initiative 2015–2016**

The project strove to build and develop cooperation between the leading Norwegian and Estonian organisations in the field of e-governance, cyber security, innovation, and business development. The objectives of the project were to develop e-governance and cyber security-related collaboration between public and private sector partners in Norway and Estonia, to develop a common platform for a Norwegian-Estonian e-government incubator or lab in Tallinn in order to carry out new Norwegian and Estonian e-government initiatives, and to develop a common model for promoting collaboration in developing countries. *Donors: Norwegian funds.*

**Support to Faroe Islands e-government development 2015–2016**

In the first phase of the project, we advised the local government of the Faroe Islands in the development of an interoperability solution (X-Road) and creation of digital identities. Based on the decision of the local government, the project continued with the development of the X-Road. In the second phase of the project that started in 2015, we provided consultations, training and technical support for the deployment of the X-Road. *Donor: Government of the Faroe Islands.*

**National Cyber Security Index 2016–2017**

eGA has developed a methodology for national cyber security assessment, which can be used as guidance for the development of a trustworthy information society and an index, which allows to compare a country's situation with that of other countries and draw up further development plans. The objective of the project is to introduce the national cyber security assessment methodology at various international forums, implement the methodology in different countries and develop an international management model for the index. *Donor: Ministry of Foreign Affairs.*

**ICT in youth work 2016**

The aim of the research project was to prepare an overview of how the possibilities offered by information technology are used in Estonian youth work and develop recommendations for the implementation of new e-services and digital solutions. *Donor: Ministry of Education and Research.*

**Data sharing policy and architecture for Mauritius 2016**

During the project, the Government of Mauritius was provided with a data sharing policy and recommendations for relevant architecture. *Donor: Government of Mauritius.*

**Biometric and biographical data-based personal identification and identity verification: legal regulations of European Union member states 2016**

The study included an analysis of the legislation and practices of ten European Union member states in the area of personal identification and identity verification based on biometric and biographical data. The study resulted in proposals to the Estonian Ministry of the Interior for developing an identity management strategy. *Donor: Ministry of the Interior.*

**Implementation of the “Once-Only” principle in public services 2016–2018**

Project SCOOP4C will investigate and disseminate information on how the “Once-Only” data collection principle can be implemented in the public sector in order to reduce bureaucracy and simplify the consumption of public services. *Donor: European Commission.*

**Creating the eID for Cyprus 2016-2017**

The project will create the concept of a digital identity for Cyprus. *Donor: Government of Cyprus.*

**URBACT III – interactive cities 2016–2018**

The project investigates how new media, social media and the content created by users affect contemporary city management practices in European cities. *Donor: European Commission.*

**eID and e-government architecture for Jersey 2016**

During the project the Government of Jersey was advised on the digital identity (eID) and e-government architecture. *Donor: Government of Jersey.*

**Development of information society and security of e-services in Palestine 2016-2018**

The goal of the project is to support Palestine in developing a secure data exchange environment and computer security and increasing the capacity of the centre for managing security incidents (PALT CERT). *Donor: Ministry of Foreign Affairs.*

**Advisory mission to Nagaland (India) 2016**

As part of the cooperation that started in 2015 with regard to advising the government of Nagaland, the first and largest e-governance conference (e-Naga Summit) of the state was held in November 2016. Nagaland plans to establish its own e-Governance Academy.

**Training activities**

Training events play a major role in eGA's activities. First contacts with many governments are made at training events and after obtaining more information about the Estonian e-government on the spot many guests are interested in taking up further development projects.

In 2016, eGA organised 31 training events, which is the largest number in eGA's history. Altogether we provided training to 388 people from a wide range of countries, including Georgia, Kyrgyzstan, India, Mauritius, Netherlands, Ghana, Cyprus, Kenya, Mali, Uganda and the headquarters and regional offices of UNDP and UNICEF.



## Annual financial statements

### Statement of financial position

(In euros)

As at 31 December	2016	2015	Note
<b>Assets</b>			
Current assets			
Cash and cash equivalents	1,535,778	1,510,121	2
Receivables and prepayments	1,431,452	158,382	3
<b>Total current assets</b>	<b>2,967,230</b>	<b>1,668,503</b>	
Non-current assets			
Receivables and prepayments	14,901	14,901	3
Property, plant and equipment	66,133	67,604	6
<b>Total non-current assets</b>	<b>81,034</b>	<b>82,505</b>	
<b>Total assets</b>	<b>3,048,264</b>	<b>1,751,008</b>	
<b>Liabilities and net assets</b>			
Liabilities			
Current liabilities			
Payables and advances received	1,172,712	142,494	8
Deferred grants and transfers	1,556,077	1,317,604	10
<b>Total current liabilities</b>	<b>2,728,789</b>	<b>1,460,098</b>	
<b>Total liabilities</b>	<b>2,728,789</b>	<b>1,460,098</b>	
Net assets			
Capital of the foundation at par value	383	383	
Accumulated surpluses	290,527	80,664	
Surplus for the year	28,565	209,863	
<b>Total net assets</b>	<b>319,475</b>	<b>290,910</b>	
<b>Total liabilities and net assets</b>	<b>3,048,264</b>	<b>1,751,008</b>	

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## Statement of financial performance

(In euros)

	2016	2015	Note
Revenue and other income			
Grants and transfers	3,413,825	1,766,928	11
Revenue from trading activities	628,837	747,332	
Other income	416,585	68,414	12
<b>Total revenue and other income</b>	<b>4,459,247</b>	<b>2,582,674</b>	
Expenses			
Direct expenses of projects funded with grants and transfers	-3,377,254	-1,779,691	13
Other operating expenses	-821,689	-408,752	
Personnel expenses	-217,338	-216,573	14
Depreciation and impairment losses	-13,508	-2,787	6
<b>Total expenses</b>	<b>-4,429,789</b>	<b>-2,407,803</b>	
<b>Surplus on operating activities</b>	<b>29,458</b>	<b>174,871</b>	
Other finance income and costs	-893	34,992	
<b>Surplus for the year</b>	<b>28,565</b>	<b>209,863</b>	

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## Statement of cash flows

(In euros)

	2016	2015	Note
Cash flows from operating activities			
Surplus on operating activities	29,458	174,871	
Adjustments for			
Depreciation and impairment losses	13,508	2,787	6
Other adjustments	638	149	
<b>Total adjustments</b>	<b>14,146</b>	<b>2,936</b>	
Change in receivables and prepayments	-1,273,071	509,024	3
Change in payables and advances received	1,030,219	-665,648	8
Interest received	46	75	
Interest paid	-2,927	-267	
Proceeds from grants and transfers received	238,473	540,532	10
Other cash flows from operating activities	0	5,743	
<b>Net cash from operating activities</b>	<b>36,344</b>	<b>567,266</b>	
Cash flows from investing activities			
Paid on acquisition of property, plant and equipment	-12,676	-22,746	6
<b>Net cash used in investing activities</b>	<b>-12,676</b>	<b>-22,746</b>	
Cash flows from financing activities			
Repayment of loans received	0	-47	
<b>Net cash used in financing activities</b>	<b>0</b>	<b>-47</b>	
<b>Net cash flow</b>	<b>23,668</b>	<b>544,473</b>	
Cash and cash equivalents at beginning of period	1,510,121	936,206	2
<b>Increase in cash and cash equivalents</b>	<b>23,668</b>	<b>544,473</b>	
Effect of movements in foreign exchange rates	1,989	29,442	
Cash and cash equivalents at end of period	1,535,778	1,510,121	

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## Statement of changes in net assets

(In euros)

			Total net assets
	Capital of the foundation at par value	Accumulated surpluses	
<b>As at 31 December 2014</b>	383	80,664	81,047
Surplus for the year	0	209,863	209,863
<b>As at 31 December 2015</b>	383	290,527	290,910
Surplus for the year	0	28,565	28,565
<b>As at 31 December 2016</b>	383	319,092	319,475

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## Notes to the annual financial statements

### Lisa 1 Significant accounting policies

#### General information

##### Basis of preparation

The annual financial statements of 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 main 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 unless 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 ordinary course of the foundation's activities. Trade receivables are measured at their amortised cost (i.e. at nominal value less any repayments and impairment losses).

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.

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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 600 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.

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 computers and equipment and other fixtures and fittings.

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** 600 euros

#### Useful lives assigned to asset classes (in years)

Asset class	Useful life
Plant and equipment and office equipment	3 years
Furniture	10 years
Other items of property, plant and equipment	5 years

#### 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, accrued expenses and other current and non-current payables and borrowings. 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 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 organisations and persons.

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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.

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**

A related party is a person or a company that is related to e-Governance Academy to such an extent that transactions between them may be conducted on terms other than market terms.

Related parties include:

- 1) the founders;
- 2) the members of the executive and higher governing bodies; and
- 3) close family members of the founders and the members of the executive and higher governing bodies;
- 4) companies under the control or significant influence of all 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 2016) 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.

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## Note 2 Cash and cash equivalents

(In euros)

As at 31 December	2016	2015
Cash on hand, EUR	3,815	2,809
Cash on hand, foreign currencies	2,079	3,529
Cash at bank, EUR	1,222,182	1,050,653
Cash at bank, foreign currencies	307,702	453,130
<b>Total cash and cash equivalents</b>	<b>1,535,778</b>	<b>1,510,121</b>

## Note 3 Receivables and prepayments

(In euros)

	31 Dec 2016	Breakdown by remaining maturity		Note
		12 months	1 - 5 years	
Trade receivables	1,195,225	1,195,225	0	
Accounts receivable	1,195,225	1,195,225	0	
Prepaid and recoverable taxes	34,744	34,744	0	4
Other receivables	201,483	201,483	0	5
Accrued income	201,483	201,483	0	
Miscellaneous receivables and prepayments	14,901	0	14,901	
<b>Total receivables and prepayments</b>	<b>1,446,353</b>	<b>1,431,452</b>	<b>14,901</b>	

  

	31 Dec 2015	Breakdown by remaining maturity		Note
		12 months	1 - 5 years	
Trade receivables	36,602	36,602	0	
Accounts receivable	36,602	36,602	0	
Prepaid and recoverable taxes	3,469	3,469	0	4
Other receivables	103,041	103,041	0	
Accrued income	103,041	103,041	0	5
Prepayments	15,270	15,270	0	
Miscellaneous receivables and prepayments	14,901	0	14,901	
<b>Total receivables and prepayments</b>	<b>173,283</b>	<b>158,382</b>	<b>14,901</b>	

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## Note 4 Prepaid taxes and taxes payable

(In euros)

	As at 31 December 2016		As at 31 December 2015	
	Prepayment	Payable	Prepayment	Payable
Value added tax	0	0	3,469	0
Personal income tax	0	8,321	0	9,186
Income tax on fringe benefits	0	834	0	1,235
Social security tax	0	16,369	0	17,557
Statutory funded pension contributions	0	743	0	682
Unemployment insurance contributions	0	817	0	882
Late payment interest	0	0	0	116
Other taxes	0	7	0	7
Balance on the prepayment account	34,744		0	
<b>Total</b>	<b>34,744</b>	<b>27,091</b>	<b>3,469</b>	<b>29,665</b>

## Note 5 Other receivables

(In euros)

	As at 31 December 2016	Breakdown by remaining maturity		Note
		12 months	1 - 5 years	
Accrued income	201,483	201,483	0	3
Receivables from donors	161,233	161,233	0	
Miscellaneous short-term receivables	40,250	40,250	0	
<b>Total other receivables</b>	<b>201,483</b>	<b>201,483</b>	<b>0</b>	

  

	As at 31 December 2015	Breakdown by remaining maturity		Note
		12 months	1 - 5 years	
Accrued income	103,041	103,041	0	3
Receivables from donors	88,184	88,184	0	
Miscellaneous short-term receivables	14,857	14,857	0	
<b>Total other receivables</b>	<b>103,041</b>	<b>103,041</b>	<b>0</b>	

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## Note 6 Property, plant and equipment

(In euros)

		Plant and equipment	Other items of property, plant and equipment	Prepayments	Projects in progress and prepayments	Total
	Computers and computer systems					
<b>As at 31 December 2015</b>						
Cost	32,965	32,965	11,940	38,063	38,063	82,968
Accumulated depreciation	-15,165	-15,165	-199	0	0	-15,364
<b>Carrying amount</b>	<b>17,800</b>	<b>17,800</b>	<b>11,741</b>	<b>38,063</b>	<b>38,063</b>	<b>67,604</b>
<b>Additions</b>	<b>12,675</b>	<b>12,675</b>	<b>38,063</b>	<b>0</b>	<b>0</b>	<b>50,738</b>
<b>Depreciation for the period</b>	<b>-4,776</b>	<b>-4,776</b>	<b>-8,732</b>	<b>0</b>	<b>0</b>	<b>-13,508</b>
<b>Other changes</b>	<b>-638</b>	<b>-638</b>	<b>0</b>	<b>-38,063</b>	<b>-38,063</b>	<b>-38,701</b>
<b>As at 31 December 2016</b>						
Cost	40,017	40,017	50,003	0	0	90,020
Accumulated depreciation	-14,956	-14,956	-8,931	0	0	-23,887
<b>Carrying amount</b>	<b>25,061</b>	<b>25,061</b>	<b>41,072</b>	<b>0</b>	<b>0</b>	<b>66,133</b>

## Note 7 Operating leases

(In euros)

Reporting entity as a lessee

	2016	2015
Operating lease expenses	36,224	9,365

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## Note 8 Payables and advances received

(In euros)

	As at 31 December 2016	12 months	Note
Trade payables	1,106,629	1,106,629	
Payables to employees	38,992	38,992	9
Taxes payable	27,091	27,091	4
<b>Total payables and advances received</b>	<b>1,172,712</b>	<b>1,172,712</b>	

  

	As at 31 December 2015	12 months	Note
Trade payables	44,038	44,038	
Payables to employees	45,361	45,361	9
Taxes payable	29,665	29,665	4
Other payables	330	330	
Grants payable	23,100	23,100	
<b>Total payables and advances received</b>	<b>142,494</b>	<b>142,494</b>	

## Note 9 Payables to employees

(In euros)

As at 31 December	2016	2015	Note
Vacation pay liability	27,903	32,186	
Salaries payable	6,214	2,579	
Other payables to employees	4,875	10,596	
<b>Total payables to employees</b>	<b>38,992</b>	<b>45,361</b>	<b>8</b>

## Note 10 Deferred grants and transfers

(In euros)

### Assets at gross cost

	31 Dec 2014	Received	Returned	Income	31 Dec 2015
Specific-purpose grants related to income					
Grants for projects	777,072	2,068,436	-5,882	-1,522,022	1,317,604
<b>Total grants related to Income</b>	<b>777,072</b>	<b>2,068,436</b>	<b>-5,882</b>	<b>-1,522,022</b>	<b>1,317,604</b>
<b>Total grants and transfers</b>	<b>777,072</b>	<b>2,068,436</b>	<b>-5,882</b>	<b>-1,522,022</b>	<b>1,317,604</b>

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	31 Dec 2015	Received	Returned	Income	31 Dec 2016
Specific-purpose grants related to income					
Grants for projects	1,317,604	2,726,951	-1,876	-2,486,602	1,556,077
<b>Total grants related to Income</b>	1,317,604	2,726,951	-1,876	-2,486,602	1,556,077
<b>Total grants and transfers</b>	1,317,604	2,726,951	-1,876	-2,486,602	1,556,077

## Note 11 Grants and transfers

(In euros)

	2016	2015
Specific-purpose grants and transfers related to income	44,500	44,500
Specific-purpose grants and transfers for carrying out projects	3,369,325	1,722,428
<b>Total grants and transfers</b>	<b>3,413,825</b>	<b>1,766,928</b>
Of which transfers from state budget	555,976	519,921
Other specific-purpose grants	2,857,849	1,247,006

Monetary and non-monetary donations		
	2016	2015
Monetary donations	1,786	1,500
<b>Total donations</b>	<b>1,786</b>	<b>1,500</b>

## Note 12 Other income

(In euros)

	2016	2015
Statutory training activities	416,435	57,237
Miscellaneous income	150	11,177
<b>Total other income</b>	<b>416,585</b>	<b>68,414</b>

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## Note 13 Direct expenses of projects funded with grants and transfers

(In euros)

	2016	2015	Note
Transport expenses	44,084	34,022	
Miscellaneous office expenses	113,898	74,093	
Travel expenses	307,205	221,161	
Personnel expenses	712,549	733,142	14
Expenses on visas	2,736	1,132	
Training participants' accommodation expenses	24,307	27,185	
Other project/training execution expenses	2,172,475	688,956	
<b>Total direct expenses of projects funded with grants and transfers</b>	<b>3,377,254</b>	<b>1,779,691</b>	

## Note 14 Personnel expenses

(In euros)

	2016	2015	Note
Salary expenses	746,120	761,826	
Social security charges	183,767	187,889	
<b>Total personnel expenses</b>	<b>929,887</b>	<b>949,715</b>	
Of which recognised as direct expenses of projects funded with grants and transfers	712,549	733,142	13
Average number of staff converted to full-time equivalent	18	17	

eGA employed on average 18 people. By type of employment relationships listed in subsection 25(1) of the Taxation Act:

- 1) People working under employment contracts: 16
- 2) Members of legal person's management or control bodies: 2

## Note 15 Related party disclosures

(In euros)

### Balances with related parties

2016	Purchases
Members of the executive and higher management and individuals with a significant participation and companies under their control or significant influence	2,305

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2015	Purchases	Sales
Members of the executive and higher management and individuals with a significant participation and companies under their control or significant influence	6,445	360

Remuneration and other significant benefits provided to the executive and higher management		
	2016	2015
Remuneration	202,512	155,427

Line item *Remuneration and other significant benefits provided to the executive and higher management* comprises payments to the following persons:

- Arvo Ott
- Hannes Astok
- Ivar Tallo

Line item *Members of the executive and higher management and individuals with a significant participation and companies under their control or significant influence* comprises transactions with OÜ Digistrati.

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## Independent Auditors' Report

*(Translation of the Estonian original)*

To the board members of Foundation E-governance Academy

### Opinion

We have audited the financial statements of E-governance Academy (the foundation), which comprise the balance sheet as at 31 December 2016, the income statement, the statements of cash flows and changes in equity for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the financial statements presented on pages from 9 to 22 present fairly, in all material respects, the financial position of the Foundation as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with the accounting principles generally accepted in Estonia.

### Basis for Opinion

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

### Other Information

Management is responsible for the other information. The other information comprises the activity report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 Foundation's financial reporting process.



## Auditors' Responsibilities 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 auditors' 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 International Standards on Auditing (Estonia) 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 on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional skepticism 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 auditors' 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 auditors' 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.

Indrek Alliksaar

Certified Public Accountant, Licence No 446

KPMG Baltics OÜ

Licence No 17

Tallinn, 12.06.2017