

## Auditors' report

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Arthur Andersen d.o.o.

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### To the Board

#### Open Society Fund Bosnia and Herzegovina

We have audited the accompanying year-end financial statements comprising the balance sheet of the Open Society Fund Bosnia and Herzegovina as at 31 December 1998, and the related statements of revenues and expenses and cash flows for the year then ended. These financial statements are the responsibility of the management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of Open Society Foundation Bosnia and Herzegovina as at 31 December 1998 and the results of its operations and its cash flows for the year then ended, in conformity with International Accounting Standards and the accounting policies of OSI.

We confirm no amendments have been made to the above mentioned financial statements since we stamped the draft on 23 July 1999:



ARTHUR ANDERSEN d.o.o.  
Republic of Croatia

Zagreb, 29 July 1999

# Open Society Fund Bosnia and Herzegovina

## Statement of Assets, Liabilities and Fund Balance

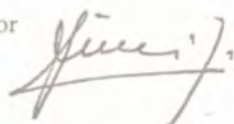
31 December 1998

	<u>Note</u>	USD 1998	USD 1997
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	4	128,862 ✓	395,570
Receivables	5	925,811 ✓	1,438,423
Prepayments	6	125,951	614,378
<b>Non-current assets</b>			
Fixed assets at net book value	7	926,117 ✓	845,036
<b>TOTAL ASSETS</b>		<u>2,106,741</u> ✓	<u>3,293,407</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Current liabilities</b>			
Liabilities	8	84,500 ✓	130,559
Deferred revenue	9	329,089	-
Accruals	10	371,465	377,631
<b>Fund balance</b>	11	1,321,687	2,785,217
<b>TOTAL LIABILITIES AND FUND BALANCE</b>		<u>2,106,741</u>	<u>3,293,407</u>

Signed on behalf of the Fund on 29 July 1999:

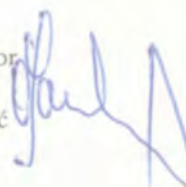
Executive Director

Jakob Finci



Managing Director

Ognjen Samardžić



The accompanying accounting policies and notes are an integral part of this Statement of Assets, Liabilities and Fund Balance.

# Open Society Fund Bosnia and Herzegovina

## Statement of Revenues, Expenses and Change in Fund Balance

For the year ended 31 December 1998

		USD	USD
		1998	1997
<b>Contribution income</b>			
OSI income	12	6,505,910	7,526,261
Third party funding	13	346,768	352,300
		<u>6,852,678</u>	<u>7,878,561</u>
<b>Expenses</b>			
Program	14	(6,201,409)	(5,580,315)
Administrative	15	(633,041)	(758,055)
		<u>(6,834,450)</u>	<u>(6,338,370)</u>
<b>Excess of contribution income over expenses before other income</b>		<u>18,228</u>	<u>1,540,191</u>
<b>Other income</b>			
Interest income	16	1,411	1,859
Income from other activities (net)		61,442	46,911
		<u>62,853</u>	<u>48,770</u>
Extraordinary expenses	17	(1,544,611)	-
<b>Surplus/(deficit) for the year</b>		<u>(1,463,530)</u>	<u>1,588,961</u>

The accompanying accounting policies and notes are an integral part of this Statement of Revenues, Expenses and Change in Fund Balance.

# Open Society Fund Bosnia and Herzegovina

## Statement of Cash Flows

For the year ended 31 December 1998

	USD 1998	USD 1997
Surplus (deficit) for the year	(1,463,530)	1,588,961
Adjustments to reconcile surplus/deficit for year to net cash inflow (outflow) from operating activities		
Depreciation	171,098	137,351
Loss on disposal of fixed assets	19,634	6,193
(Increase) / Decrease in receivables	512,612	(1,233,421)
(Increase) / Decrease in prepayments	488,427	(566,621)
Increase / (Decrease) in liabilities	(46,059)	125,765
Increase in deferred revenue	329,089	-
Decrease in accruals	(6,166)	(302,929)
Net cash outflow from operating activities	<u>5,105</u>	<u>(244,701)</u>
Cash flows from investing and financing activities		
Payments for fixed assets	(271,813)	(243,039)
Net cash inflow (outflow) from investing and financing activities	<u>(271,813)</u>	<u>(243,039)</u>
Decrease in cash for year	(266,708)	(487,740)
Cash at the beginning of year	395,570	883,310
Cash at the end of year	<u>128,862</u>	<u>395,570</u>

The accompanying accounting policies and notes are an integral part of this Statement of Cash Flows.