

**To the Board
Open Society Fund Bosnia and Herzegovina**

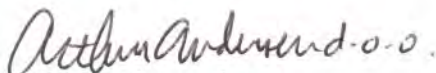
We have audited the accompanying year-end financial statements comprising the statements of assets and liabilities and fund balance of the Open Society Fund Bosnia and Herzegovina as at 31 December 2001, and the related statements of revenues and expenses and cash flows for the year then ended. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.

As instructed by the Group auditors, the scope of our audit was established to obtain reasonable assurance about whether the financial statements contain material misstatements, which is defined as:

- Statement of Assets and Liabilities and Fund Balances:
the lower of 5% of balance sheet total and USD 250,000;
- Statement of Revenues and Expenses and change in Fund Balances:
any item greater than USD 100,000,
any item between USD 50,000 and USD 100,000 which is greater than 5% of the grants.

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 Fund Bosnia and Herzegovina as at 31 December 2001 and the results of its operations and its cash flows for the year then ended, in conformity with International Financial Reporting Standards, as published by the International Accounting Standards Board.



Arthur Andersen d.o.o.
Republic of Croatia
Zagreb, 30 April 2002

Open Society Fund Bosnia and Herzegovina
Statement of Assets and Liabilities and Fund Balance
31 December 2001

	Note	USD 2001	USD 2000
ASSETS			
Current assets			
Cash	4	17,194	49,335
Receivables	5	2,146,683	1,028,898
Prepayments	6	71,745	61,035
		<u>2,235,622</u>	<u>1,139,268</u>
Non-current assets			
Fixed assets at net book value	7	115,229	616,659
TOTAL ASSETS		<u>2,350,851</u>	<u>1,755,927</u>
LIABILITIES AND FUND BALANCES			
Current liabilities			
Liabilities	8	20,582	31,419
Deferred revenue	12	50,854	81,468
Accruals	11	950,849	247,229
Non-current liabilities			
Accruals	11	650,000	-
		<u>1,672,285</u>	<u>360,116</u>
Fund balance	13	678,566	1,395,811
TOTAL LIABILITIES AND FUND BALANCE		<u>2,350,851</u>	<u>1,755,927</u>

Signed on behalf of the Fund on 30 April 2002:



Ms. Dobrija Govedarica
Executive director

The accompanying notes are an integral part of this Statement of Assets and 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 2001

	Notes	USD 2001	USD 2000
Contribution income			
OSI income	14	3,427,785	2,372,039
Third party funding	15	265,122	193,980
		<u>3,692,907</u>	<u>2,566,019</u>
Expenses			
OSI program expenses	16	(3,383,903)	(1,917,507)
OSI administrative expenses	17	(455,218)	(436,031)
Third party expenses		(245,101)	-
		<u>(4,084,222)</u>	<u>(2,353,538)</u>
(Deficit) excess of contribution income over expenses before other income		<u>(391,315)</u>	<u>212,481</u>
Other income/(deficit)			
Interest income		190	973
(Deficit) from other activities (net)	18	(326,120)	(173,220)
		<u>(325,930)</u>	<u>(172,247)</u>
(Deficit) surplus for the year		<u>(717,245)</u>	<u>40,234</u>

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