

Independent Auditor's Report

To the Board

Open Society Fund Bosnia and Herzegovina

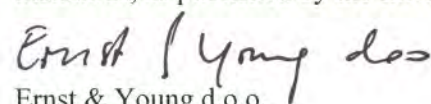
We have audited the accompanying year-end financial statements comprising the statements of assets and liabilities and fund balance of the Open Society Fund Bosnia and Herzegovina as at 31 December 2002, and the related statements of revenues and expenses and cash flows for the year then ended. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Open Society Fund Bosnia and Herzegovina for the year ended 31 December 2001 were audited by other auditors, Arthur Andersen d.o.o., whose report dated 30 April 2002 expressed an unqualified opinion on those statements.

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 2002 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.

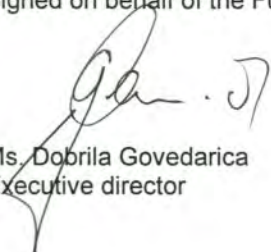


Ernst & Young d.o.o.
Republic of Croatia
Zagreb, 30 April 2003

Open Society Fund Bosnia and Herzegovina
Statement of Assets and Liabilities and Fund Balance
31 December 2002

	Note	USD	USD
		2002	2001
ASSETS			
Current assets			
Cash and cash equivalents	4	38,868	17,194
Receivables	5	2,627,043	2,146,683
Prepayments	6	50,955	71,745
		<u>2,716,866</u>	<u>2,235,622</u>
Non-current assets			
Fixed assets	7	234,523	115,229
TOTAL ASSETS		<u>2,951,389</u>	<u>2,350,851</u>
LIABILITIES AND FUND BALANCES			
Current liabilities			
Liabilities	8	23,146	20,582
Accruals	10	2,156,055	950,849
Deferred revenue	11	8,282	50,854
Non-current liabilities			
Accruals	10	529,383	650,000
		<u>2,716,866</u>	<u>1,672,285</u>
Fund balance	12	234,523	678,566
TOTAL LIABILITIES AND FUND BALANCE		<u>2,951,389</u>	<u>2,350,851</u>

Signed on behalf of the Fund on 30 April 2003:



Ms. Dobrila 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 2002

	Notes	USD 2002	USD 2001
Contribution income			
OSI income	13	4,323,103	3,427,785
In-Kind contribution	14	153,516	-
Third party funding	15	130,548	265,122
		<u>4,607,167</u>	<u>3,692,907</u>
Expenses			
OSI program expenses	16	(4,258,643)	(3,383,903)
OSI administrative expenses	17	(249,276)	(455,218)
Third party expenses		(130,692)	(245,101)
		<u>(4,638,611)</u>	<u>(4,084,222)</u>
Deficit of contribution income over expenses before other income		<u>(31,444)</u>	<u>(391,315)</u>
Other income/(deficit)			
Interest income		144	190
Deficit from other activities (net)	18	(412,743)	(326,120)
		<u>(412,599)</u>	<u>(325,930)</u>
Deficit for the year		<u>(444,043)</u>	<u>(717,245)</u>

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