

Independent Auditors' report

To the Board

Open Society Fund Bosnia and Herzegovina

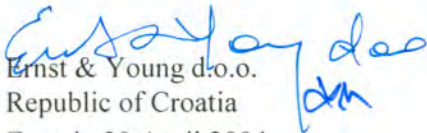
We have audited the accompanying year-end financial statements comprising the statements of assets and liabilities and fund balance of the Open Society Fund Bosnia and Herzegovina as at 31 December 2003, and the related statements of revenues and expenses and cash flows for the year then ended. These 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 2003 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 2004

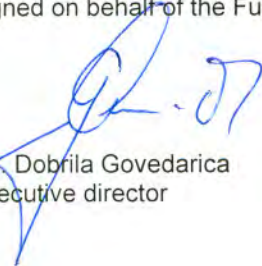
Open Society Fund Bosnia and Herzegovina
Statement of Assets and Liabilities and Fund Balance

31 December 2003

	Note	USD	USD
		2003	2002
ASSETS			
Current assets			
Cash and cash equivalents	4	9,961	38,868
Receivables	5	3,162,981	2,627,043
Prepayments	6	6,858	50,955
		<u>3,179,800</u>	<u>2,716,866</u>
Non-current assets			
Fixed assets	7	201,494	234,523
TOTAL ASSETS		<u>3,381,294</u>	<u>2,951,389</u>
LIABILITIES AND FUND BALANCES			
Current liabilities			
Liabilities	8	29,858	23,146
Accruals	10	2,960,117	2,156,055
Deferred revenue	11	12,897	8,282
Non-current liabilities			
Accruals	10	176,928	529,383
		<u>3,179,800</u>	<u>2,716,866</u>
Fund balance	12	201,494	234,523
TOTAL LIABILITIES AND FUND BALANCE		<u>3,381,294</u>	<u>2,951,389</u>

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

Signed on behalf of the Fund on 30 April 2004:



Ms. Dobriša Govedarica
Executive director

Open Society Fund Bosnia and Herzegovina
Statement of Revenues, Expenses and Change in Fund Balance
For the year ended 31 December 2003

	Notes	USD 2003	USD 2002
Contribution income			
OSI income	13	4,205,938	4,323,103
In-Kind contribution	14	-	153,516
Third party funding	15	177,652	130,548
		<u>4,383,590</u>	<u>4,607,167</u>
Expenses			
OSI program expenses	16	(3,965,287)	(4,258,643)
OSI administrative expenses	17	(273,680)	(249,276)
Third party expenses		(177,779)	(130,692)
		<u>(4,416,746)</u>	<u>(4,638,611)</u>
Deficit of contribution income over expenses before other income		<u>(33,156)</u>	<u>(31,444)</u>
Other income/(deficit)			
Interest income		127	144
(Deficit) from other activities (net)	18	-	(412,743)
		<u>127</u>	<u>(412,599)</u>
Deficit for the year		<u>(33,029)</u>	<u>(444,043)</u>

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

Signed on behalf of the Fund on 30 April 2004:



Ms. Dobrila Govedarica
Executive director