

Independent Auditor's report

To: **Board of Directors**
Open Society Foundation 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 Foundation Bosnia and Herzegovina as at 31 December 2006, and the Statement of Revenues, Expenses and Change in Fund Balance for the year then ended (the "Financial Statements"). 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 the instructions indicated above and 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 2006 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, 2 May 2007

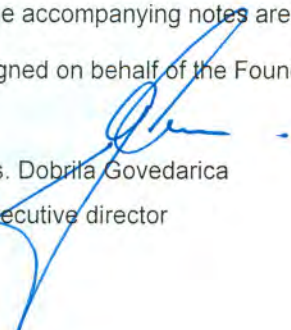
Open Society Foundation Bosnia and Herzegovina
Statement of Assets and Liabilities and Fund Balance

31 December 2006

	Note	KM	USD	KM	USD
		2006	2006	2005	2005
ASSETS					
Current assets					
Cash and cash equivalents	3	192,945	129,904	177,514	107,797
Receivables - OSI	4	1,313,886	884,077	1,716,715	1,038,106
Other assets	5	8,715	5,867	520	316
		<u>1,515,546</u>	<u>1,019,848</u>	<u>1,894,749</u>	<u>1,146,219</u>
Non-current assets					
Fixed assets	6	331,630	223,278	374,212	227,244
TOTAL ASSETS		<u>1,847,176</u>	<u>1,243,126</u>	<u>2,268,961</u>	<u>1,373,463</u>
LIABILITIES AND FUND BALANCES					
Current liabilities					
Grant payables	9	1,208,404	813,581	1,483,067	900,608
Other payables	7	33,965	22,868	22,929	13,924
Deferred revenue	10	46,384	31,229	-	-
Non-current liabilities					
Grant payables	9	22,816	15,361	184,134	111,817
		<u>1,311,569</u>	<u>883,039</u>	<u>1,690,130</u>	<u>1,026,349</u>
Fund balance	12	535,607	360,087	578,831	347,114
TOTAL LIABILITIES AND FUND BALANCE		<u>1,847,176</u>	<u>1,243,126</u>	<u>2,268,961</u>	<u>1,373,463</u>

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

Signed on behalf of the Foundation on 2 May 2007:



Ms. Dobriša Govedarica
Executive director

Open Society Foundation Bosnia and Herzegovina
Statement of Revenues, Expenses and Change in Fund Balance
For the year ended 31 December 2006

	Notes	KM	USD	KM	USD
		2006	2006	2005	2005
Contribution income					
OSI income	13	3,802,138	2,488,891	4,239,183	2,641,174
Third party funding	14	46,555	30,234	147,926	94,608
		<u>3,848,693</u>	<u>2,519,125</u>	<u>4,387,109</u>	<u>2,735,782</u>
Expenses					
OSI program expenses	15	(3,475,756)	(2,279,075)	(3,751,642)	(2,333,515)
OSI administrative expenses	16	(348,075)	(224,625)	(399,929)	(252,572)
Third party expenses	17	(46,555)	(30,234)	(147,926)	(94,608)
		<u>(3,870,386)</u>	<u>(2,533,934)</u>	<u>(4,299,497)</u>	<u>(2,680,695)</u>
Surplus of contribution income over expenses before other income		<u>(21,693)</u>	<u>(14,809)</u>	<u>87,612</u>	<u>55,087</u>
Other income					
Foreign exchange loss, net		1,501	1,011	(126,724)	(77,428)
OSI revaluation loss		(643)	45,449	(715)	(140,225)
Net book value of assets disposed		(22,389)	(12,886)	(7,406)	(4,461)
		<u>(21,531)</u>	<u>33,574</u>	<u>(134,845)</u>	<u>(222,114)</u>
Surplus / (deficit) for the year		<u>(43,224)</u>	<u>18,765</u>	<u>(47,233)</u>	<u>(167,027)</u>

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

Signed on behalf of the Foundation on 2 May 2007:


Ms. Dobrila Govedarica
Executive director