



**Open Society Fund
Bosnia and Herzegovina**

2020 Audit results

18 May 2021

Open Society Fund Bosnia and Herzegovina

2020 Audit results



2020 Audit Status

Audit approach and scope:

- ▶ Timing of the audit: final audit March - April 2021
- ▶ Full substantive approach
- ▶ No scope or approach changes required during the audit

Status of 2020 audit:

- ▶ Reporting procedures to Open Society Foundations - completed
- ▶ Reconciliation of financial reporting package- completed



Significant audit findings

Major audit risks and findings:

- ▶ Management override of controls
- ▶ No material issues identified during the audit
- ▶ Going concern approach used in preparation of 2020 financial statements - concluded to be appropriate

Internal control/ related parties transactions/ laws and regulations findings:

- ▶ No significant internal control findings
- ▶ No fraud events identified

Summary of unadjusted misstatements:

- ▶ No unadjusted misstatements

Management letter points:

- ▶ None identified



Confirmations and Opinion

Independence

- ▶ The audit team members have confirmed personal independence
- ▶ Aside from audit services required by the Foundation and locally required services, no other services have been provided by EY to Open Society Fund Bosnia and Herzegovina
- ▶ EY has confirmed its independence

Final Audit report:

- ▶ Financial reporting package - unmodified independent auditor's report issued as at 18 May 2021

REPORT ON FACTUAL FINDINGS

Open Society Fund Bosnia and Herzegovina ("OSI BiH" or "Foundation")

31 December 2020

To: Management of the Foundation
Open Society Foundations Audit Manager

From: Gabrijela Orešković, Engagement senior
Adrijana Granatir, Engagement manager
Ivana Krajinović, Partner in charge

We have performed the procedures agreed with you and numerated below with respect to specific areas based on the "Instructions for Agreed-Upon Procedures" detailed in Appendix 3.1 of the Open Society Foundations Audit Instructions for the year ended December 31, 2020 ("Audit Instructions"). Our engagement was undertaken in accordance with the International Standard on related Services applicable to agreed-upon procedures engagement. The procedures are agreed solely to assist you in evaluating the specific areas and the effectiveness of controls related to specific areas, and are summarized as follows:

1. Compliance with Laws and Regulations

Work done:

We have considered the OSF BiH's compliance with the Laws and regulations in BiH, to the extent necessary to establish if the Financial Reporting Package is not materially misstated due to non-compliance. The instances of non-compliance with laws and regulations might have significant impact on the Foundation's reputation. We have reviewed the local law requirements and compared them with the OSF's internal policies and rules in order to identify whether there have been differences between the two. In order to investigate any instances of non-compliance which would result with the material consequences of USD 50 thousand or more we have performed following:

- Management inquiries
- Inquiry of the Foundation's legal counsel
- Inspection correspondence with the Authorities
- Inspection of Board minutes.

Findings and conclusion:

Management of the Foundation informed us that they are not aware of any instances of non-compliance with the laws and regulations in BiH. They are regularly monitoring changes in the laws and regulations and significant emphasis is given to the full compliance with them.

Our review of the local law requirements and their comparison to the internal rules and policies did not show any instances of non-compliance.

We have obtained the letter from the Foundation's legal counsel, Mr. Kemal Alečković according to which there were no litigations or other claims against the Foundation or initiated by the Foundation.

Additionally, we have made inquiry with the Management of the Foundation on existence of correspondence with the Authorities in 2020. We were informed that there was no such correspondence.

We have reviewed minutes from the Board sessions in 2020 and 2021, and we have not identified any instances of non-compliance with the laws and regulations.

On the basis of the above work done and findings, we haven't identified any instances of Foundation's non-compliance with the laws and regulations.

2. Grants and Operational Project administration

a) Grant Review: Testing of compliance with Open Society Foundation's Best practices in Grants Management

Work done:

In accordance with the audit instructions received, we have selected a sample of 15 grants (including 8 of the largest grants which have been proportionately split between FPOS's and FOSI's level of support, since Company receives grants only from those two Foundations) contracted during 2020 and possibly closed before the end of 2020 in order to determine whether Open Society Foundation's Best Practices in Grants Management have been followed by the Foundation. Please see Appendix 1, first table. Since the same population is part of selecting sample for point 2a from this report and for point 5, at the end we have tested 9 grants under point 2a and 25 grants under point 5.

We have obtained understanding of Open Society Foundation's Best Practices in Grants Management (section 3 of the 2020 Instruction Kit) and searched for the sufficient and appropriate evidence to establish if the Foundation complied with the various control elements and stages, and if it kept adequate documentation. Additionally, we have carried out confirmation procedures for the sample of grantees selected for the grant review. Following information were confirmed: grant amount as per grant letter concluded with the grantee during the year, the amount paid by the Foundation to the grantee during the year and the resulting outstanding grant payable of the Foundation at the end of the year.

- Only one selected grant has outstanding amount as at 31 December 2020 and total amount was confirmed by third party without differences. Other grants that have end date after 31 December 2020 have been finished by the end of FY20.

PART I : FINANCIAL STATEMENT
Open Society Foundation Bosnia and Herzegovina
Statement of Assets, Liabilities and Fund Balance as at 31 December 2020

	Note	USD 2019	USD 2020
ASSETS			
Current assets			
Cash and cash equivalents	3	316,286	425,699
Receivables	4	374,078	83,945
Advances/prepayments	5	2,221	1,319
Investments MC	7	<u>1,414</u>	<u>1,414</u>
		<u>693,999</u>	<u>512,377</u>
Non-current assets			
Property, Plant and Equipment	6	<u>239,790</u>	<u>239,311</u>
TOTAL ASSETS		<u>933,789</u>	<u>751,688</u>
LIABILITIES AND FUND BALANCES			
Current liabilities			
Liabilities	8	1,317	746
Accruals	9	508,127	334,194
Deferred Revenue	10	23,613	41,854
Finance lease liability-current portion	12	<u>10,941</u>	<u>11,989</u>
		<u>543,998</u>	<u>388,783</u>
Non-current liabilities			
Non-current grant liabilities	20	16,163	-
Non-current finance lease liability	12	<u>18,234</u>	<u>7,991</u>
		<u>34,397</u>	<u>7,991</u>
Fund balance			
Fund balance	13	<u>355,394</u>	<u>354,914</u>
TOTAL LIABILITIES AND FUND BALANCE		<u>933,789</u>	<u>751,688</u>

The accompanying accounting policies and notes are an integral part of these financial statements.
Signed on behalf of the Foundation on 18 May 2021.

Dobriša Govedarica Nevjestic, Executive Director

Open Society Foundation Bosnia and Herzegovina
Statement of Revenues, Expenses and Change in Fund Balance
For the year ended 31 December 2020

	Note	USD 2019	USD 2020
Contribution income			
OSF income	14	2,761,503	2,838,646
In-Kind Contribution	15	-	6,753
Third party income	16	<u>38,653</u>	<u>35,495</u>
		2,800,156	2,880,894
Expenses			
FPOS related expenses	17	(1,245,674)	(826,410)
FOSI related expenses	18	(1,483,742)	(2,010,157)
Third party related expenses	19	<u>(38,115)</u>	<u>(38,113)</u>
		<u>(2,767,531)</u>	<u>(2,874,680)</u>
(Deficit) of contribution income over expenses before other income		32,625	6,214
Other income			
FPOS foreign exchange gain/(loss)		1,289	(2,369)
FOSI foreign exchange gain/(loss)		(749)	(6,943)
Third party foreign exchange gain/(loss)		<u>(538)</u>	<u>2,618</u>
		2	(6,694)
Surplus / (deficit) for 2020		32,627	(480)

The accompanying accounting policies and notes are an integral part of these financial statements.
Signed on behalf of the Foundation on 18 May 2021.

Dobriša Govedarica Nevjestic, Executive Director

Statement of Cash Flow for the year ended 31 December 2020

	USD 2019	USD 2020
Cash flows from operating activities		
Surplus/(deficit) for the year	32,627	(480)
<i>Adjustments for:</i>		
Depreciation	12,400	20,712
Decrease/(increase) in receivables	(117,117)	290,133
Decrease/(increase) in prepayments	(858)	902
(Decrease)/increase in liabilities other	(194)	(571)
(Decrease)/increase in accruals etc.	165,479	(190,096)
(Decrease)/increase deferred revenue	12,632	18,241
Translation difference	-	-
Net cash flows from operating activities	104,969	138,841
Payments for fixed assets	(45,027)	(13,480)
In-Kind Contribution assets	=	<u>(6,753)</u>
Net cash flows from investing activities	(45,027)	(20,233)
(Decrease)/increase in finance lease liabilities (long-term and short-term)	<u>29,175</u>	<u>(9,195)</u>
Net cash flows from financing activities	29,175	(9,195)
Increase in cash and cash equivalents for the year	89,117	109,413
Cash and cash equivalents at the beginning of the year, 1 January	227,169	316,286
Cash and cash equivalents at the end of the year, 31 December	316,286	425,699

The accompanying accounting policies and notes are an integral part of these financial statements.
Signed on behalf of the Foundation on 18 May 2021.

Dobriła Govedarica Nevjestic, Executive Director