



NGO and Business Audit d.o.o. Sarajevo Audit and Consulting Company

AUDIT REPORT
FINANCIAL STATEMENTS FOR 2014
FOUNDATION FOR WOMEN'S EMPOWERMENT

Sarajevo, July 2015.

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Annex 1: List of projects implemented during 2014.

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1. DECLARATION OF FULL DISCLOSURE**FOUNDATION FOR WOMEN'S EMPOWERMENT**

Čekaluša 16, Sarajevo

June 18th 2015**DECLARATION OF FULL DISCLOSURE TO
THE AUDIT COMPANY "NGO AND BUSINESS AUDIT", d.o.o. SARAJEVO**

Dear Sirs,

With reference to the Project Audit Contract between **FOUNDATION FOR WOMEN'S EMPOWERMENT (Foundation)** and Auditing Company "**NGO AND BUSINESS AUDIT**", d.o.o. Sarajevo of December 31st 2014, we are certifying:

- the acknowledgement of the Foundation's responsibility for the keeping of accounts and financial documents that are correct, complete, fair, representing the true facts shows the actual situation in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), with in national laws and regulations, and that the financial statements give a true and fair view of the results of Foundation during the reporting period;
- the documents of reference (description of the project, contracts, budgets, etc.) and national legislation that all accounting records, supporting and other documents, minutes and any pertinent information necessary for the audit will be at the disposal of the auditor the completeness of information concerning property and goods, the completeness of information concerning financing received or due and own financing concerning the audited period,
- for the financial statements being audited the availability for supplying any information and explanations, either orally or by written confirmation, which might be required by the auditor in the execution of his mandate.

We confirm to the best of our knowledge and belief, and having made the appropriate inquiries, of the officials of the Foundation, the following representation given to you in connection with our audit of the financial statements for the period 1st January - 31st December 2014. All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Foundation have been properly reflected and recorded in the accounting records. All other records and related information which might affect the fairness of, or necessary disclosure in, the accounts, have been made available to you, and no such information has been withheld.

We are not aware of any irregularities, including fraud involving management or employees of the Foundation other than situation already discussed with you, nor are we aware of any breaches or possible breaches of the BiH. No allegation of such irregularities, including fraud or such breaches, has come to our notice.

No circumstances have arisen, or events occurred, between the Financial Statements date and the date of this letter, in respect of matters, which would require adjustments to, or disclosure in accounts.

We are not aware of any circumstances where an entity outside the Foundation has the right to instruct the Foundation on its business operations and decisions.

There is no litigation against Foundation which could cause any contingent liabilities.

For and on behalf of the Foundation:

Dubravka Kovačević, Executive Director



2. INDEPENDENT AUDITOR'S OPINION

Introduction

We have audited the accompanying Balance Sheet and Profit and Loss Statement of the **Foundation for Women's Empowerment**, Ćekaluša no.16 as of December 31, 2014.

Management responsibility of Foundation For Women's Empowerment

Management of the Foundation for Women's Empowerment is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements free from material misstatement and which are consequences of errors or fraud; selecting and applying appropriate accounting policies and accounting estimates that are appropriate in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with International Standards on Auditing as defined by the International Federation of Accountants. Those standards require that we comply with ethical requirements of the profession and to perform the audit in a manner to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether caused by error or a fraud. The risk assessment considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls.

Opinion

In our opinion, based on the audit performed, the above financial statements give a true and fair view, in all material respects, of the financial position of the Foundation for Women's Empowerment as of December 31, 2014, and of its financial performance, and is in accordance with the generally accepted accounting standards.

Sarajevo, July 21st 2015.

NGO and Business Audit, d.o.o. Sarajevo

Licensed Auditor

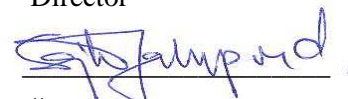


Ismeta Ćardaković, B.Sc. Oec

License no. 3090185103



Director



Šejla Jakupović, B.Sc. Oec

3. INTRODUCTION

The Foundation for Women's Empowerment is an independent and non-profit women's foundation based in Bosnia and Herzegovina fully committed for supporting initiatives of women's grassroots civil society organizations (CSOs) in promoting women's human rights, empowerment of women and gender equality. The Foundation for Women's Empowerment supports work towards women's empowerment, women's rights and gender equality by strengthening the internal capacities of women's grassroots organizations and women's groups in order for them to be able to claim their rights, access funds and make women's voices heard.

3.1 Foundation For Women's Empowerment Profile

- Name: Foundation for Women's Empowerment
- Main Office: Bosnia and Herzegovina, Sarajevo, Čekaluša no. 16
- Field Offices:
 1. Sarajevo Office
- ID No: 4201962890008
- VAT No: VAT exempt
- Business Classification Code according to the Standard Industry Classification: 94.99
- Registration Court: last registration – under the Decree issued by the BiH Ministry of Justice, No. 03-05-1-328/14 dated January 6th 2015.
- Executive Director: Dubravka Kovačević

3.2. Management and Supervision

In accordance with the Statute, the bodies of the organization are: Governing Board and Executive Director. Governing Board is managing authority of the Foundation.

The Governing Board consists of three persons out of whom the president of the Governing Board is elected. As defined in the Statute some of the basic tasks of the Governing Board are:

- Achieving goals that the Foundation defined in the Statute;
- Approval of the legal actions undertaken on behalf of the Foundation before its entry in the register;
- Management of Foundation assets;
- To make changes and amendments to the Statute and other acts, unless otherwise provided in the Statute;
- Appoints person authorized to represent the Foundation;
- To decide on the merging, separation, transformation and dissolution of the Foundation;
- Adoption of financial and other reports;
- To carry out other duties in accordance with law and Statute.

Executive Director of the Foundation is registered representative of the Foundation who is authorized to:

- propose a strategic plan of the Foundation;
- represent the Foundation in accordance with the decisions of the Board, the Statute and the applicable legal regulations;
- prepare annual budgets and submit them to the Governing Board for approval;
- prepare reports on the activities of the Foundation;
- propose materials for Board sessions;
- promote actively the mission and goals of the Foundation through public relations;
- organize the activities of the Foundation;
- raise funds for the Foundation;

- propose new jobs in the Foundation;
- delegate some of his duties to other persons with the approval of the Board.

3.3. General Policies and Procedures

The Foundation For Women's Empowerment general policies and procedures include:

- The Statute,
- Rulebook on petty cash operations,
- Rulebook on financial operations,
- Rulebook on working conditions.
- Safeguarding children Policy
- Procurement Policy
- Policy on Conflict of Intrest
- Accounting Policies,
- Classification and description of staff duties,
- Regulations on fire protection,
- Rulebook on business trips

3.4. Structure and Number of Employees

The Foundation for Women's Empowerment employs 1 full time employee. Other team members are regularly engaged on the basis of service agreement.

There is a clear organizational structure with respect to the segregation of duties. The job descriptions are defined by agreements. Labor relations and all rights of employees are defined in the Rules of Procedure and are in compliance with current laws of BiH.

The Foundation for Women's Empowerment hires one employee with University degree on the basis of the employment contract. Other 5 experts who are regulary engaged in performing services for the Foundation also have University degree in different areas.

3.5. Sources of Funding

The Foundation for Women's Empowerment obtains funding for its activities through a competitive bidding for donor-supported projects (domestic and international) available for project activities under contractual terms and conditions.

All the projects implemented are regulated by agreements and are supported by project documents as approved by the donors. All these documents were presented to Auditor.

4. AUDIT SCOPE AND METHODOLOGY

The objective of the 2014 financial statement audit is to enable the auditor to express an opinion about whether the financial statements have been prepared, in all material respects, in compliance with the International Accounting Standards and applicable legislation.

The audit objective is to ascertain that:

- The financial statements give a true and fair view of the state of affairs for the fiscal year;
- The funds are used in accordance with the regulations and project agreements, and for purposes intended under such regulations and agreements;
- The internal control system is adequate to ensure the asset safeguarding, objective achievement, compliance with applicable legislation and true and fair Foundation for Women's Empowerment reporting.

The audit has been planned and performed to provide a reasonable basis for the expression of our opinion on whether the financial statements present a true and fair view of business activities during the fiscal year and the state of affairs at the year end.

We conducted our audit in accordance with International Auditing Standards.

Our approach was tailored to the specific needs of the Foundation for Women's Empowerment and was 'risk-based'. The size of the tests were based on the auditor's risk analysis. We have planned and performed the audit from the perspective of materiality and risk in order to obtain reasonable assurance that the 2014 financial statements are free from material misstatement.

The audit involved examination on a test basis of appropriate evidence.

This required the following core methodology:

- Planning,
- Collection of audit evidence,
- Draw conclusions and form opinions,
- Reporting to Foundation for Women's Empowerment.

5. AUDITING PROCEDURES REPORT

We have audited the accompanying financial statements of the Foundation for Women's Empowerment as of December 31st, 2014. The audit was conducted on-site at the Foundation for Women's Empowerment premises in Sarajevo, Čekaluša no.16, in the presence of authorized Foundation for Women's Empowerment representatives.

These financial statements are the responsibility of the Foundation for Women's Empowerment management. Our responsibility is to express an opinion on these financial statements based on our audits.

The audit team consisting of Ismeta Čardaković, B.Sc.Oec, the licensed auditor and auditor assistants applied a sampling approach (FBiH Audit Standards 230, 320, 520 and 530) and a test-based examination of the Foundation for Women's Empowerment documents, using different sample sizes, conditional on the balance item relevance.

5.1. Basis for Financial Statement Presentation

The Foundation for Women's Empowerment maintains its financial records and prepares the financial statements in accordance with the International Accounting Standards (IAS), i.e. with the International Financial Reporting Standards (IFRS) and Interpretations issued by the International Accounting Standards Board (IASB), and the regulations listed below:

- BiH Accounting and Auditing Law,

- FBiH Law on Financial Operations,
- BiH Law on Associations and Foundations, and
- Other applicable legislation.

The Foundation for Women's Empowerment financial statements are based on a historical cost principle.

The preparation of financial statements under IFRS requires the Foundation for Women's Empowerment to use its judgments, estimates and assumptions affecting policy implementation and the disclosed amount of assets and liabilities, income and expenses in the reporting period.

The financial statements and the accompanying notes are presented in BAM.

Financial reporting is also arranged on a per-project basis for projects implemented during the reporting period. The financial reports are basically submitted to donors in the format specified by the donation agreement and within the timeline not necessarily coinciding with the end of the reporting period, but with the end of the project implementation.

5.2. Revenue Recognition

According to the modified accrual accounting system, revenues are recognized in the accounting period when they become measurable and available (when paid on the Foundation for Women's Empowerment account), whereas expenses are recognized when the liability is incurred.

The revenue recognition under this method evolves from the accounting and reporting practices applied to budget beneficiaries, associations and foundations. The system reduces the risk of giving an unrealistic view of the Foundation for Women's Empowerment's financial position.

Under the above provisions recognized revenues include:

1. Budgetary revenue in the year when received;
2. Revenue received under the donation contracts in foreign or local currency, using the revenue/expense matching approach according to IFRS;
3. Own-source revenue in the period in which they are earned and cash received;
4. Deferred revenue is recognized in the period to which it applies, i.e. in the period when the deferred revenue producing events will occur. This means that the advanced revenue is initially recorded as the accrued revenue, and ultimately transferred to the revenue account:
 - Upon the issuance of invoice for services rendered.
 - Using a straight-line method for deferred revenues.

5.3. Expense Recognition

Expenses are recognized on the modified accrual accounting basis when the liability is incurred. This principle requires all the expenses to be recognized and recorded in the financial statements in the accounting period in which they are incurred, i.e. in the period in which the obligation to pay is incurred.

5.4. Tangible Fixed Assets

Tangible fixed assets are the assets that comply with the requirements defined by the Asset Accounting Code and the IAS 16 – Property, Plant and Equipment, and other tangible fixed assets.

Paragraph 2, IAS 16 provides a clarification as to the recognition of tangible fixed assets and states:

Tangible assets are assets that:

- an entity has for use in the production or supply of goods and services, for lease to third parties or for administrative purposes and other purposes, and
- are expected to be in use for more than a year.

Tangible fixed assets are valued at cost which includes the purchase price and any other cost related to the acquisition of tangible fixed assets.

A tangible fixed asset may be recognized in a balance sheet when it is probable that the future economic benefits associated with the asset will flow to the entity, and the cost of the asset can be measured reliably.

Gains and losses on sale or any other disposal of tangible fixed assets are recognized in the profit and loss statement.

The depreciation method applied to tangible fixed assets is that of a constant or straight-line depreciation at proportional rates, in conformity with the rates set in the Asset Depreciation Nomenclature (FBIH Official Gazette 2/95). The amount of depreciation on newly acquired fixed assets is calculated starting with the first day of the following month after the fixed asset has been put into service – paragraph 30, FBIH AS16. The calculation of fixed asset depreciation ends upon the elimination, disposal, sale, etc. of the assets not fully depreciated.

5.5. Inventories

The cost of inventories comprises overall costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Under IAS 2: the inventories of raw materials and materials, spare parts and small inventory are valued at cost which includes the purchase price and any other cost related to the acquisition.

Small inventory includes items with a useful life less than one year. Small inventory is written off when put to use, applying a 100% write-off method, and removed from the books at the point of disposal.

5.6. Accounts Receivable

Receivables from customers, government and government institutions, employees and other legal and physical entities are recorded in business books and financial statements based upon a valid document sufficient to prove the event occurrence and its value. The reconciliation of accounts receivable is required in case of receivables past due.

5.7. Cash and Cash Equivalents

Under IAS 7:

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes. For an investment to qualify as a cash equivalent, it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

Under IAS 7, cash comprises:

- cash on hand, on a giro and other bank accounts,
- cash in the foreign currency account
- bank fixed deposits.

Cash on hand and cash held in commercial bank accounts are recognized and stated at their nominal value. Foreign currencies are translated into the local currency at the average exchange rate of the BiH Central Bank, as at the balance sheet date. Foreign exchange gains and losses are recognized in the profit and loss statement.

5.8. Accounts Payable

Current liabilities are reported in business books and financial statements at the business transaction value recorded based upon a valid financial document or a contract.

5.9. Accruals

Short-term accruals comprise:

- accrued expense,
- accrued income
- accrued expenses payable,
- deferred revenue, and
- accrued provisions.

Long-term accruals are recorded based on deferred revenues and include donations received as defined by the FBiH AS 20 – Donated funds.

5.10. Donations

Donations received are recognized in the financial statements as deferred income based on the revenue/expense matching approach. Unconditional donations are recognized in the balance sheet and profit and loss statement only after the donation funds have been deposited to the bank account, or an asset donated in kind received.

5.11. Provisions

Provisions are recognized when there is a present legal or constructive obligation arising from past events and when it is probable that an outflow of resources will be required to settle the obligation, and the amount of obligation can be reliably estimated.

5.12. Taxes

The Foundation For Women's Empowerment is a non-for-profit organization and as such is exempt from income tax for the reason that it relies on the funding received from other legal entities, i.e. donors supporting the Foundation For Women's Empowerment project activities. Under the applicable legislation, associations and foundations are relived of filing and paying income taxes.

6. FINANCIAL REPORTING

The Foundation for Women's Empowerment prepares its annual financial report. The annual financial report is submitted under the provisions of the BiH Accounting and Auditing Law governing annual reporting for 2014.

The Foundation for Women's Empowerment submits a set of financial reports to the AFIP Agency relevant unit for processing and verification.

FINANCIAL REPORTS

6.1. Balance Sheet

-Amounts in BAM

1	ITEM	Amount after value adjustment deduction -BAM		Notes
		Previous year 2013	Current year 2014	
Account		3	4	
	ASSETS			
	A) FIXED ASSETS	-	7.177	1
0	Property, plant and equipment	-	4.837	
01	Intangible fixed assets	-	2.340	
02,03	Long-term deposits and receivables	-	-	
04	Biological assets	-	-	
05	Investment in property	-	-	
06	Fixed assets for sale	-	-	
08	Long-term accruals	-	-	
	B) CURRENT ASSETS	-	206.110	2
10	Cash and cash equivalents	-	206.110	2.1.
11,12	Short-term deposits and receivables	-	-	
13	Inventories	-	-	
14	VAT refund	-	-	
18	Short-term accruals	-	-	
	TOTAL ASSETS	-	213.287	
	LIABILITIES AND CAPITAL			
	A) CAPITAL	-	2.841	3
200	Retained revenue	-	2.000	
201	Reserves	-	-	
202	Retained earnings	-	841	
203	Retained losses	-	-	
204	Revaluation reserves	-	-	
	B) Long-Term Liabilities	-	0	
21	Long-term financial liabilities	-	-	
28	Long-term accruals and provisions	-	-	
	C) Short-term liabilities	-	210.446	4
30	Current liabilities	-	2.103	
31,32	Short-term financial liabilities	-	-	
34	VAT payables	-	-	
38	Short-term accruals and provisions	-	208.343	
	TOTAL LIABILITIES AND CAPITAL	-	213.287	

6.2. Profit and Loss Statement

- Amounts in BAM

1	ITEM	Amount - BAM		Notes
		Previous year 2013	Current year 2014	
Account	2	3	4	
	A. REVENUES			5
410	Membership fees	-	-	
411	Budgetary revenues	-	-	
412	Humanitarian revenues	-	131.171	
417	Own-source revenues	-	-	
418	Other revenues	-	-	
	Total revenues	0	131.171	
	B. EXPENDITURES			6
400	Material and energy	-	1.258	
401	Services	-	47.546	
402	Salaries and other allowances	-	9.386	
403	Depreciation	-	169	
404	Financial expenses	-	-	
405	Travel expenses	-	800	
406	Humanitarian expenses	-	64.701	
407	Taxes and contributions not based on business performance	-	6.470	
408	Other expenses	-	-	
	Total expenditures	0	130.330	
	C. BALANCE			7
	Surplus revenues	-	841	
	Surplus expenditures	-	-	

7. AUDITOR'S NOTES

Note 1: Fixed Assets (BAM 7.177)

Account	FIXED ASSETS	Year 2013 BAM	Year 2014 BAM	Note
	A) FIXED ASSETS	-	7.177	1
0	Property, plant and equipment	-	4.837	
01	Intangible fixed assets	-	2.340	
02,03	Long-term deposits and receivables	-	-	
04	Biological assets	-	-	
05	Investment in property	-	-	
06	Fixed assets for sale	-	-	
08	Long-term accruals	-	-	

The fixed assets are recorded at their historical cost and adjusted by accumulated depreciation. The accounting records show the value of fixed assets of the Foundation for Women's Empowerment as shown in the table below:

- Amounts in BAM

DESCRIPTION	Tangible fixed assets			Total
	Computers and other equipment	Inventory - Office equipment	Software	
Nett amount				
As of January 01st 2014	0	0	0	0
Increase-Decrease	4.871	135	2.340	7.346
Written off assets				0
Balance as of December 31st 2014	4.871	135	2.340	7.346
Depreciation				
As of January 01st 2014	0	0	0	0
Changes +/-				0
Depreciation	165	5	0	169
Depreciation as of December 31st 2014	165	5	0	169
Total as of January 01st 2014	0	0	0	0
Total as of December 31st 2014	4.707	131	2.340	7.177

Table – Fixed Assets after Depreciation

Description:

- Total increase of assets value was recorded in amount of BAM 7.346. This increase relates to newly purchased fixed assets in accordance with project implementation.
- Depreciation of fixed assets in 2014 was in amount of BAM 169 (as defined in Income statement on account 403).
- Total net value of fixed assets as of December 31st 2014. is BAM 7.177.

Note 2: Current Assets (BAM 206.110)

The Foundation for Women's Empowerment current assets as at December 31st 2014. comprise of goods and material in stock, receivables and other receivables as shown below:

Account	CURRENT ASSETS	Year 2013	Year 2014	Notes
		BAM	BAM	
	B) CURRENT ASSETS	-	206.110	2
10	Cash and cash equivalents	-	206.110	2.1.
11,12	Short-term deposits and receivables	-	-	
13	Inventories	-	-	
14	VAT refund	-	-	
18	Short-term accruals	-	-	

Note 2.1: Cash and cash equivalents (BAM 206.110)

The structure of the cash assets of the Foundation for Women's Empowerment are distributed as follows:

Account	ACCOUNT	BAM	BAM
		Dec. 31. 2013	Dec. 31. 2014
100	Cash on hand	0	113
101	Bank account and current accounts	0	205.997
	TOTAL	0	206.110

Code	Account	TRANSACTION ACCOUNTS IN BAM	BAM	BAM
			Dec. 31. 2013	Dec. 31. 2014
A	101	Bank Account and Current Accounts	0	205.997
		Bank account	0	160.411
		Bank account Raiffeisen bank HUMAN.RAC. zaZENE	0	229
		Bank account Raiffeisen bank WILPF	0	45.357
B	100	PETTY CASH BAM	0	113
A+B		TOTAL CASH AND CASH EQUIVALENTS	0	206.110

Foundation for Women's Empowerment uses the transaction accounts held with one commercial bank (Raiffeisen bank dd) for its business transactions. The bank statements as of December 31st 2014 disclose the same balance as that in the general ledger. The funds on the transaction accounts total to BAM 205.997.

The cash- on-hand account as of December 31st 2014 reflects the same balance as the latest cash-on-hand statement. Cash on hand on the balance sheet totals to BAM 113.

Note 3: Capital (BAM 2.841)

The Balance Sheet, as of December 31st 2014, reports accumulated earned surplus of earnings from previous years in the amount of BAM 841.

Revenues surplus of BAM 841 is the result of small private donations invested in order to support the business of the Foundation during the first year of establishment. Payment of BAM 2000 refers to the payment of the Founders' equity in accordance with the provisions of the establishment of the Foundation defined by law.

Account	ACCOUNT	Dec. 31. 2013	Dec. 31. 2014	Notes
		BAM	BAM	
	A) CAPITAL	-	2.841	3
200	Retained revenue	-	2.000	
201	Reserves	-	-	
202	Retained earnings	-	841	
203	Retained losses	-	-	
204	Revaluation reserves	-	-	

Note 4: Short term Liabilities (BAM 210.446)

Account	ACCOUNT	Dec. 31. 2013	Dec. 31. 2014	Notes
		BAM	BAM	
	C) Short-term liabilities	-	210.446	4
30	Current liabilities	-	2.103	
31,32	Short-term financial liabilities	-	-	
34	VAT payables	-	-	
38	Short-term accruals and provisions	-	208.343	

Short term (current) liabilities relates to liabilities toward employee for salaries incurred in 2014, but not paid as of December 31st 2014.

Short term accruals and provisions on the account 38 are consisted of Prepaid amounts - deferred revenue. Deferred revenues mainly disclose short term accruals which are related to funding of project activities that will be implemented in the future. After the implementation of the project activities, such eligible amounts are transferred from differed income to income of the period. This is the way to comply with principle of matching revenues and expenses during the reporting period.

Note 5: Revenues (BAM 131.171)

Revenues are received under the donations for project activities funded by local and international donors. Such incomes are aimed for funding and supporting planned project activities, as designated and approved by the donor's contracts and budgets. Foundation for Women's Empowerment total revenues for 2014 are disclosed in amount BAM 131.171 (as presented in Income statement for 2014).

In 2014 Foundation for Women's Empowerment implemented projects funded by different donors. Each donor is setting individual reporting requirements in grant agreements and Foundation for Women's Empowerment is obligated to obey such requirements. Foundation for Women's Empowerment staff maintains project accounting. Project financial reports are prepared per each project in the periods as defined by Grant Agreements signed with donors. Simultaneously, all transactions are recorded into general ledger maintained by external accounting agency.

Note 6. Expenditures (BAM 130.330)

Total expenditures in accounting records for the period January 1- December 31st 2014 are disclosed in amount of BAM 130.330 (as presented in Income statement for 2014).

It was found that:

- The salary and remunerations for staff include eligible costs only and salaries and remunerations have been paid in accordance with local rules and legislation, and in accordance with projects budgets. These costs are debited to the projects and recorded throughout the 2014 year in a systemized way. Salary costs are supported by adequate and sufficient documentation.
- All social contributions and taxes for local staff salaries and external experts are correctly calculated and paid in accordance with local rules and legislations.
- Other expenditures recorded throughout the 2014 year is supported by adequate accounting documentation.
- Declared expenditures are adequate, related to the Project activities and incurred in the fiscal period.
- The amount of BAM 64.701 was disbursed to other NGOs on the basis of grant agreements. Pursuant to the provisions of these agreements the Grantees have to provide regular activity and financial report to Foundation for Women’s Empowerment. All Grantees reports and supporting documentation was presented to Auditor.

The list of Grantees is given in the table below:

Number	Name of the NGO	Location	Amount disbursed in 2014
1	Udruženje žena Romkinja "Bolja budućnost"	Tuzla	6.300,00
2	Udruženje žena Jadar	Konjević Polje	6.264,00
3	Maja Kravica	Bratunac	6.237,00
4	Institut za razvoj Kult	Sarajevo	5.931,00
5	Fondacija Hastor	Sarajevo	6.300,00
6	Fondacija Lara	Bijeljina	6.300,00
7	Fondacija CURE	Sarajevo	6.300,00
8	Impuls	Bijeljina	6.183,00
9	Udruženje žena oboljelih od malignih oboljenja "BRčansko srce	Brčko	6.300,00
10	Naš glas	Tuzla	6.300,00
11	Other small donations		2.286,00
	TOTAL		64.701,00

Note 7. INCOME STATEMENT BALANCE

Adhering by the Accounting Principles Code and the FBiH Accounting Standards, the Foundation for Women’s Empowerment completed:

- Calculation of the financial performance over a given accounting period by matching reported incomes with total expenditures for a given accounting period.
- At the end of the fiscal year 2014, the Foundation for Women’s Empowerment reported excess revenues over expenses in amount of BAM 841. As described above, the “surplus” of funds is result of non-earmarked private donations in the audited period.

8. INTERNAL CONTROL SYSTEM

In an audit of non-governmental organizations, the auditor's responsibility is to consider overall legal and regulatory framework, including any other applicable regulation, ordinance, decision and decree defining and governing operating aspects of a donation beneficiary. To that effect, the audit procedures related to the review of the Foundation for Women's Empowerment internal control system have been planned and performed.

The objective of the procedures performed is to proficiently assess accuracy and reliability of financial data used to produce financial statements, and test their compliance with applicable laws and regulations. Methods used for performing audit procedures aimed at assessing the Foundation For Women's Empowerment performance efficiency (quality, resources use efficiency), reliability of financial reporting and compliance of procedures applied with applicable laws and regulations.

Ensuring that adequate organizational structure and sufficient internal policies and procedures provides a basis for establishing a control environment.

Performed Audit procedures revealed that:

Foundation for Women's Empowerment presented to Auditor the Statute. This is mandatory document, which has to be prepared before each NGO or Association is registered. In addition Auditor was presented following policies and procedures:

- The Statute,
- Rulebook on petty cash operations,
- Rulebook on financial operations,
- Rulebook on working conditions.
- Safeguarding children Policy
- Procurement Policy
- Policy on Conflict of Intrest
- Accounting Policies,
- Classification and description of staff duties,
- Regulations on fire protection,
- Rulebook on business trips

Policies and procedures as stated above are developed in compliance with the defined guidelines for establishing and strengthening internal control system aimed at ensuring control procedures for proper managing of donor funds.

Auditor emphasizes the importance of the internal policies and procedures, if not only as the indicator of internal strength, but also as the mandatory duty defined by the Local Law. So far, Foundation For Women's Empowerment has developed a number of policies and procedures but still is necessary to develop new policies and procedures (pursuant to provisions of Law on accounting FBiH), as follows:

- Rules of procedures on Governing Board work,
- Rulebook on the managing of fixed assets.

Procurement policies need to be updated in order to regulate procurement of goods and services by different criteria, respecting the specifics of each item, the reputation of service provider, the technical offer, expected results, the experience from previous cooperation etc.

The internal control system is adequate to ensure the asset safeguarding, objective achievement, compliance with applicable legislation and true and fair Foundation for Women's Empowerment reporting.

9. COMPLIANCE BETWEEN SYSTEMS OF ACCRUAL AND PROJECT ACCOUNTING

Foundation for Women's Empowerment has developed financial reporting system in accordance with local rules and regulations and as well with the international accounting standards (IAS). This function is outsourced and performed by external accounting agency MDPlus.

Agency is preparing consolidated financial reports for the organization as legal entity.

Project accounting and reporting are organized in a way that financial reports are prepared for each donor as required by grant contract.

Theoretically financial statements based on accrual accounting are different from the financial reports per projects for the amount of accruals as well as for the amount of fixed assets. Purchasing equipment and other assets are recorded in accrual accounting as investment in fixed assets, but in the project accounting asset profor Women's Empowerment is the outflow of cash, ie cost. Depreciation of fixed assets is an ordinary expense in accrual accounting that in the project accounting does not appear. Due to the fact that fixed assets are mainly purchased by donor's funds, the amount of depreciation of the financial period are recorded as revenue in assets/equipment. Certainly this is one of the usual discrepancies between these two systems of accounting.

In the project accounting, all transactions are recognized as an expense, regardless of whether if they are the investment in fixed assets.

Foundation for Women's Empowerment did not reconcile consolidated reports with projects financial statements for 2014 but they plan to introduce that practice as of 2015 and after. Regular reconciliation between project and overall accounting it's not required by law but we consider it as a good practice in NGO management.

10. ACKNOWLEDGEMENT

The audit team would like to express its appreciation to the Foundation for Women's Empowerment management and staff for the kindness and cooperation extended during this assignment. Without their assistance and cooperation this work would not have been successfully completed.

Sarajevo, July 21st 2015.

Audit and Consulting Company
"NGO and Business Audit"d.o.o. Sarajevo

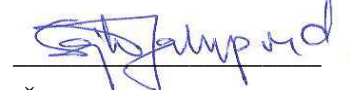
Licensed Auditor



Ismeta Čardaković, B.Sc. Oec



Director



Šejla Jakupović, B.Sc. Oec

Annex 1: List of projects implemented during 2014.

No	Donor	Period of implementation	BAM
1	Women's international League for peace and Freedom	April 2014 - Dec 2014	29.200,55
2	Ouk Foundation	July 2014 - July 2015	303.362,60
		TOTAL	332.563,15

Annex 2: Copies of Company and auditor certification

BOSNA I HERCEGOVINA
FEDERACIJA BOSNE I HERCEGOVINE
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FEDERALNO MINISTARSTVO FINANSIJA

BOSNIA AND HERZEGOVINA
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FEDERAL MINISTRY OF FINANCE

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NGO & BUSSINESS Audit d.o.o. Sarajevo

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DA OBAVLJA DJELATNOST ZA KOJU JE REGISTROVANO

Imenovano društvo je upisano u Registar revizorskih društava pod registarskim brojem: 9090409104

Sarajevo, 17.9.2010. godine



M I N I S T A R
Vjekoslav Bevanda

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ČARDAKOVIĆ ISMETA

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Ova licenca važi do 8.5.2016. godine

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