

# R & P AUDITING

Auditing Financial Consulting Management Services

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## INDEPENDENT AUDITORS' REPORT

*TO THE FOUNDER OF NGF  
FUND FOR ACTIVE CITIZENSHIP*

We have audited the accompanying financial statements NGF *FUND FOR ACTIVE CITIZENSHIP* (hereinafter fAKT) for the period from January 01, 2008 to December 31, 2008, (page 3 to 18), which comprise of the Income and Expenditure Statement, Balance Sheet and Cash Flow Statement in respect of its accuracy and compliance with the Grant Agreements concluded between fAKT and Skan Foundation, Hilversum, Netherlands; Charles Stewart Mott Foundation, Michigan; Rockefeller Brothers Fund, New York and Balkan Community Initiatives Fund, Belgrade (in further text: the Donors), for funding of the realisation following programs:

- Social transition
- Citizens action
- Developing program

### *Management's Responsibility for the Financial Statements*

fAKT management is responsible for these financial statements in accordance with the accounting regulation in Montenegro. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on accomplished audit. We conducted our audit in accordance with International Standards on Auditing and Montenegrin Law for accounting and auditing. Those standards require compliance with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from 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 due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide solid basis for our audit opinion.

### *Opinion*

In our opinion, the fAKT financial statements (page 3 to 18) for the period from January 01, 2008 to December 31, 2008, present fairly and objectively, in all material respects, the Income and Expenditures connected with the Grant Agreements awarded by Donors, and its Cash Flows, in accordance with the International Accounting Practices. fAKT complied, in all material respects, with the requirements of the Grant Agreements and its total operations consist only of activities related to the realisation of the upper stated programs.

R&P AUDITING  
July 15, 2009



*Radunović Vesna*

Radunović Vesna, Authorized Auditor  
(License No.017 issued on April 19, 2006.)

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**R & P AUDITING**

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## INCOME AND EXPENDITURE STATEMENT

For the period from January 01, 2008 to December 31. 2008

	<i>(U €)</i>
	<b>2008</b>
<b>Income</b>	<b>176.288</b>
Income from Donors	176.288
<b>Total expenditure</b>	<b>(176.288)</b>
<b><i>Operational expenses</i></b>	<b>(48.740)</b>
Office costs	(11.648)
Staff costs	(37.092)
<b><i>Depreciation</i></b>	<b>(112)</b>
<b><i>Program costs</i></b>	<b>(123.975)</b>
Regranting	(116.914)
Seminars	(3.261)
Marketing	(496)
Travel	(1.174)
Daily allowance	(2.130)
<b><i>Other operating expenses</i></b>	<b>(3.560)</b>
Services	(3.493)
Other expenses	(67)
<b><i>Financial expenses/income, net</i></b>	<b>99</b>



**BALANCE SHEET**

For the period from January 01, 2008 to December 31. 2008

	<i>(U €)</i>
	<b>2008</b>
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<b><u>ASSETS</u></b>	
<b>Non – current assets</b>	<b>1.089</b>
Equipment	1.089
<b>Current assets</b>	<b>16.749</b>
Cash and cash equivalents	16.749
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<b>Total assets</b>	<b>17.838</b>
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<b><u>LIABILITIES</u></b>	
<b>Equity and reserves</b>	-
Retained earnings	-
<b>Long term liabilities</b>	-
Accrued liabilities	<b>17.838</b>
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<b>Total liabilities</b>	<b>17.838</b>
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**CASH FLOW STATEMENT**

For the period from January 01, 2008 to December 31. 2008

	<b>(U €)</b>
<b>Position</b>	<b>2008</b>
Cash receipts from Donors	194.126
Cash regranting	(116.914)
Payments to suppliers and employees	(59.361)
<b><i>Cash used in operating activities</i></b>	<b>17.851</b>
Acquisition of equipment	(1.201)
<b><i>Cash used in investing activities</i></b>	<b>(1.201)</b>
Inflow from interest a vista	99
<b><i>Cash provided in financing activities</i></b>	<b>99</b>
Net increase in cash and cash equivalents	16.749
<b>Cash and cash equivalents, beginning of year</b>	<b>-</b>
<b>Cash and cash equivalents, and of year</b>	<b>16.749</b>