

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, 2010 to December 31, 2010, (page 3 to19), 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 (CNF); Mott Foundation (MOTT); Rockefeller Brothers Fund (RFB), i Foundation Open Society Institute (FOSI); U.S. Department of State, Office of Acquisitions, The Balkan Trust of Democracy (BTD), NGF Cano Koprivica.

(in further text: the Donors), for funding of the realisation following programs:

- Social transition
- Citizens action

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 compliancy with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from mterial misstatement.

R&P

A u d i t i n g

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 19) for the period from January 01, 2010 to December 31, 2010, 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

December 26, 2011



Radunović Vesna

Radunović Vesna, Authorized Auditor

(License No.017 issued on April 19, 2006.)



INCOME AND EXPENDITURE STATEMENT

For the period from January 01, 2010 to December 31. 2010

	<i>(U €)</i>	
	<i>2010</i>	<i>2009</i>
Income	342.837	300.075
Income from Donors	329.931	298.729
Income from refundation	12.526	1.346
Other income	380	-
Total expenditure	(342.837)	(300.075)
Operational expenses	(93.076)	(77.766)
Office costs	(9.630)	(13.303)
Staff costs	(83.446)	(64.463)
Depreciation	(755)	(630)
Program costs	(241.376)	(215.107)
Regranting	(190.629)	(183.945)
Seminars	(38.589)	(19.209)
Marketing	(205)	(5.344)
Travel	(9.035)	(4.856)
Daily allowance	(2.919)	(1.753)
Other operating expenses	(7.980)	(6.637)
Services	(7.146)	(6.361)
Other expenses	(834)	(276)
Financial expenses/income, net	349	65

**BALANCE SHEET**

For the period from January 01, 2010 to December 31. 2010

		(U €)
	2010	2009
<u>ASSETS</u>		
Non – current assets	997	1.640
Equipment	997	1.640
Current assets	100.207	119.005
Cash and cash equivalents	100.207	119.005
Total assets	101.204	120.645
<u>LIABILITIES</u>		
Equity and reserves	-	-
Retained earnings	-	-
Long term liabilities	-	-
Accrued liabilities	101.204	120.645
Total liabilities	101.204	120.645

**CASH FLOW STATEMENT**

For the period from January 01, 2010 to December 31. 2010

Position	2010	(U €) 2009
Cash receipts from Donors	334.957	381.541
Cash receipts from refundation	12.526	1.346
Other cash receipts	380	-
Cash regranting	(190.629)	(183.945)
Payments to suppliers and employees	(153.689)	(95.570)
<i>Cash used in operating activities</i>	3.545	103.372
Acquisition of equipment	(1.089)	(1.181)
<i>Cash used in investing activities</i>	(1.089)	(1.181)
Inflow from interest a vista	349	65
<i>Neto gotovina iz aktivnosti finansiranja</i>	349	65
Net increase in cash and cash equivalents	(18.798)	102.256
Cash and cash equivalents, beginning of year	119.005	16.749
Cash and cash equivalents, and of year	100.207	119.005