

REVIK d.o.o. Sarajevo
Member of



THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK

Sarajevo, Branilaca Sarajeva 20
tel. / fax (387) (33) 200 – 383 i 226 – 289
E-mail: revik@bih.net.ba
Community Court Sarajevo:
065-0-Reg-21-005204, MBS 65-01-1066-09
Tax code: 01075138

Raiffeisen Bank d.d. BH Sarajevo
- 1610000001640087
UniCredit Bank d.d. Mostar
- 3383202250064583
Identification number: 4200002790002
VAT identification number: 200002790002

**INDEPENDENT AUDITOR'S REPORT
TO THE FOUNDATION OLDER BROTHER/OLDER SISTER**

**ON THE FINANCIAL REPORT
FOR THE OPERATIONAL PERIOD
FROM 1 AUGUST 2022 TO 31 JULY 2023**

**Project contractor:
“ Foundation Older Brother/Older Sister “**

**Project title:
“Couch Vulnerable Children through Mentor Programe IV”**

Foundation Older Brother/Older Sister

CONTENTS

| | <u>Page</u> |
|---|-------------|
| General information | 3 |
| Responsibility for the Financial Statements | 4 |
| Auditor's report | 5 - 6 |
| Financial Statement on Expenditure | 7 |
| Accounting policies | 8 |
| Internal Control System (ICS) | 9 - 11 |
| <i>Other notes to the financial statement on expenditures</i> | |
| Note 1: Reconciliation of cash received and payments | 12 |
| Note 2: Expenditures with comments | 13 - 17 |

Foundation Older Brother/Older Sister

a) About Project

Older Brother/Older Sister is a mentoring project that connects a volunteer in the role of older brother/older sister and a child as a younger brother/younger Sister. The aim is to develop a caring and supportive relationship between them. This goal is achieved through two ways: volunteer work with the child and experts work with a volunteer. Volunteers are being strengthened for mentoring children and spend their free time, and have the ability to improve their social skills. Volunteer are being trained for work with children in order to organize and spend a quality time with a child.

It is conceived in such a way that the children socialize individually with student/volunteer who becomes their role model for adoption of socially acceptable behavior. Volunteers are significant support for their life skills development. Children prefer to go to the movies, pastries, take a long walking, bowling, swimming, skating. Particularly pleasing for them are joint tours and creative workshops in a friendly atmosphere with other younger sisters/brothers.

Due to certain family circumstances, children involved in the project have a lack of family support. Volunteers are trained to be a child's Older Brother/Older Sister. An adult to whom he/she can rely on and be a model for growing up. Such friendly relationship contributes to mitigation of risk factors related to social isolation and problems in school. This support allows them to develop normal social contacts and in such way, children compensate the lack of family support. This kind of guidance is extremely important because it reduces the possibility of deviations in all spheres of their lives.

By socializing with volunteers, children receive new insight into the life out of their everyday environment. They spend time having fun. Go to the theater, movies and ride public transportation. For the majority, it is a unique first-time experience. Quality leisure is kept to simple activities that children do not exercise every day. These children need someone who will teach and show them "quite normal" aspects of life like going to the movies, museums, walking, cycling, visiting the zoo.

Volunteers progress is being monitored and support by the associates, social workers, pedagogues, and psychologists. All the professionals are employed in the PI "Cantonal Centre for Social Work", Sarajevo and CPI "Home for children without parental care", Sarajevo.

Process of founding and registering of the Foundation for support and development of the mentorship program Older brother, older sister had started in the year 2013, and it was officially founded on December 19, 2013. Association for prevention of addiction NARKO-NE, through the Network Older brother, older sister of Bosnia and Herzegovina, was the initiator of the Foundation's founding, and all of the organizations, members of the Network, had given their support for its establishing at that moment. Now it is time for the Foundation to take over the inheritance of the Network, and to promote and upgrade the concept of mentorship work with children and youth at risk, through various programs and activities.

The foundation Older brother, older sister gives financial and advisory support for the implementation of the program Older brother, older sister, and organizes philanthropic and promotional actions with the aim of collecting funds for the Fond of Older brother, older sister.

The audit covers the period of implementation of the project from 12 months (01/08/2022-31/07/2023).

Foundation Older Brother/Older Sister

Responsibility for the Financial Statements

The management of the Project contractor: Foundation Older Brother/Older Sister accepts its responsibility for:

- the preparation of the Project's financial statements and the judgments used in them,
- establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting,
- that all accounting records, supporting and other documents, minutes and any pertinent information necessary for the audit be at the disposal of the auditor,
- all informations and explanations, as well as verbal and written statements.

In the opinion of management of the Project contractor: Foundation Older Brother/Older Sister the financial statement for the Project: „Couch Vulnerable Children through Mentor Programe IV“ for the operational period from 1 August 2022 up to the 31 July 2023 fairly reflects the financial position and operations of the Foundation Older Brother/Older Sister.

For and on behalf of the Project contractor:
Foundation Older Brother/Older Sister

Ivana Radić, Executive Director



Foundation Older Brother/Older Sister

Josipa Vancaša 21

71000 Sarajevo,

Bosnia and Herzegovina

Sarajevo, 18 August 2023

REVIK d.o.o. Sarajevo
Member of



Sarajevo, Branilaca Sarajeva 20
tel. / fax (387) (33) 200 – 383 i 226 – 289
E-mail: revik@bih.net.ba
Community Court Sarajevo:
065-0-Reg-21-005204, MBS 65-01-1066-09
Tax code: 01075138

Raiffeisen Bank d.d. BH Sarajevo
- 1610000001640087
UniCredit Bank d.d. Mostar
- 3383202250064583
Identification number: 4200002790002
VAT identification number: 200002790002

INDEPENDENT AUDITOR'S REPORT

**TO THE FOUNDATION OLDER BROTHER/OLDER SISTER,
SARAJEVO, BOSNIA AND HERZEGOVINA**

We have audited the accompanying financial statement on expenditure of the Project contractor: Foundation Older Brother/Older Sister – Project: „Couch Vulnerable Children through Mentor Programe IV“ for the operational period from 1 August 2022 up to the 31 July 2023, which comprise the statement on expenditure for those periods and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with Project Contract signed on 25 August 2021 and Law on accounting and auditing of FBiH („Official Gazette of FBiH“, No: 15/21). 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 this financial statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply 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 a basis for our audit opinion.

Opinion

In our opinion, the financial statement on expenditure gives a true and fair view of the Project contractor: Foundation Older Brother/Older Sister – Project: „ Couch Vulnerable Children through Mentor Programe IV “ for the operational period from 1 August 2022 up to the 31 July 2023 in accordance with International Financial Reporting Standards ("IFRS").

The results of our tests indicate that, with respect to the items tested, the Project contractor: Foundation Older Brother/Older Sister project complied, in all material respects, with the provisions referred to in the Project Contract signed on 25 August 2021 between Project contractor, Foundation Older Brother/Older Sister, Sarajevo and Medicor Foundation.

REVIK d.o.o. Sarajevo
Member of HLB International


Kenan Kapetanović, director

Sarajevo, 17 August 2023




Ognjen Novokmet, certified auditor

Foundation Older Brother/Older Sister
Project :“ Couch Vulnerable Children through Mentor Programe IV ”
Notes to the Financial Statement on Expenditures

FINANCIAL STATEMENT ON EXPENDITURE
for the operational period from 1 August 2022 up to 31 July 2023

| DESCRIPTION | Notes | Approved Budget | Costs for Reporting Period | Unspent Budget |
|--------------------------------------|-------|-----------------|----------------------------|----------------|
| | | EUR | EUR | EUR |
| | | 1 | 2 | 3=1-2 |
| Operational costs | 2.1. | 45,924 | 37,321 | 8,603 |
| Program activites of OBOS Foundation | 2.2. | 66,233 | 71,790 | (5,557) |
| Philanthropy and promotion | 2.3. | 7,005 | 2,361 | 4,644 |
| Total | | 119,162 | 111,472 | 7,690 |

Signed on behalf of the Foundation Older Brother/Older Sister, Sarajevo on 17 August 2023

Ivana Radić

Executive Director



The following notes form an integral part of this statement

Foundation Older Brother/Older Sister
Project :“ Couch Vulnerable Children through Mentor Programe IV ”
Notes to the Financial Statement on Expenditures

2. ACCOUNTING POLICIES

The principal accounting policies adopted for the preparation of the financial statement on expenditure are set out below.

a) Basis of presentation

The financial statement on expenditure of the Foundation Older Brother/Older Sister project has been prepared in accordance with Project Agreement concluded on 25 August 2021 and Law on accounting and auditing of FBiH („Official Gazette of FBiH“, No: 15/21). Within the financial statements of the Foundation Older Brother/Older Sister there is specific book-keeping and reporting for this project.

The Foundation Older Brother/Older Sister is responsible for proper accounting of the funds received and disbursed under this project.

All documentation relating to the project is filed in the Bosnia and Herzegovina in headquarters of the Association in Sarajevo, street Josipa Vancaša number 21/2.

b) Reporting currencies

The financial statement on expenditure is represented in EUR.

The instalment of contribution received from donors were denominated in Euro (EUR).

c) Expenditures

Expenditures are recognised when incurred.

Direct costs separation methodology was set up in accordance with the project budget and financial reporting formats.

- Operational costs
- Program activities of OBOS Foundation
- Philanthropy and promotion

Foundation Older Brother/Older Sister
Project :“ Couch Vulnerable Children through Mentor Programe IV ”
Notes to the Financial Statement on Expenditures

3. INTERNAL CONTROL SYSTEM (ICS)

a) *Verification of the adequacy and effectiveness of the Internal Control System (ICS)*

We have tested internal control system of Foundation Older Brother/Older Sister in terms of:

- internal organization (structures, functions, tasks, authority, responsibilities, methods, procedures, segregation of duties);
- project and financial accounting and reporting processes;
- adherence to legislation of Federation BiH;
- physical safeguard of assets;
- prevention of accounting errors and financial fraud;
- adequacy and completeness of information and financial reporting systems.

There is a list of authorized signatories for handle the funds on accounts

No. 1322602023286553 (BAM) No. 391320010786164542 (EUR) at NLB Bank as follows:

| <u>Name of authorized signatories</u> | <u>Position in Project staff</u> | <u>Payment by bank</u> |
|---------------------------------------|----------------------------------|------------------------|
| Ivana Radić | Executive Director | yes |

Reviewing and verification of invoices is done by Ivana Radić – Excutive Director

Authorization of Payment Orders is done by Ivana Radić – Excutive Director. Payments were based on contract and suppliers' invoices or pro forma invoices.

It was found that Foundation Older Brother/Older Sister applies management procedures adequate to the various project transactions and that existing Internal Control System is adequate and effective.

Documentation:

- Financial reporting terms, bookkeeper's instruction and rulebook adjusted by Foundation Older Brother/Older Sister
- Specimen signature
- Organizational Chart
- Financial Statements
- Payment Authorizations

Foundation Older Brother/Older Sister
Project :“ Couch Vulnerable Children through Mentor Programme IV ”
Notes to the Financial Statement on Expenditures

b) Verification of the financial regularity

We have tested project financial documentation in terms of:

- authorizations of expenditures;
- adequacy and completeness of supporting documentation;
- physical existence of the goods representing the property of the project (equipment);
- allocation of expenditures in conformity with the budget as approved and amended;
- conformity of local contracts with positive local legislation;
- arithmetic accuracy of the accounts, supporting documents, financial statements and reports;
- correctness of the bookkeeping entries;

It was found that expenditures occurred within project implementation period, properly accounted for, adequately documented and in compliance with Project Document, Project Agreement, Approved and reallocated Budget Lines and positive BH legislation.

Documentation:

- Project Documents;
- Project Agreement dated on 25 August 2021;
- Approved and reallocated Budget;
- Financial statements from Applications for Financial Management Source;
- Source of financial documentation.

c) Verification of the conformity with the project objectives and adherence to the contract conditions

On the basis of an examination of the coherence between the Project Agreement signed on 25 August 2021, and the Project document " Couch Vulnerable Children through Mentor Programme IV " we have tested the actions carried out and the declared expenditure.

The purpose was to verify if:

- Financial transactions, expenditures and receipts are adequate and in compliance with project documents (project description, programs of activities, contracts, terms of reference, budgets etc.);
- All clauses of the Project Agreement have been respected;
- Expenditures correspond to the agreed budget lines;
- There are no major deviations between approved and amended budgeted and actual expenses.

We verify that tested financial transactions are in conformity with the project objectives and are in compliance with the Project Agreement conditions.

It was found that there were no major deviations between approved and amended budgeted and actual expenses.

Foundation Older Brother/Older Sister
Project :“ Couch Vulnerable Children through Mentor Programe IV ”
Notes to the Financial Statement on Expenditures

Documentation:

- Project Document;
- Project Agreement dated on 25 August 2021;
- The financial statement on expenditure;
- Approved and reallocated Budget;
- Source of financial documentation;
- Narrative reports of projects for specific periods.

d) Verification of the economical and efficient conduct of business and use of financial resources

Our audit tests are designed in a way to verify existence and implementation of adequate bid and purchasing procedures (i.e. best cost/benefit ratio for materials and services, conformity of price offers with local practices and cost levels).

We tested the procedures applied for the

- procurement of consumer goods;
- provision of consultancy and other services.

It was found that the procedures for the selection of suppliers and consultants are in accordance with the Public Procurement Law in Bosnia and Herzegovina.

Documentation:

- Rules on Public Procurement Law in Bosnia and Herzegovina;
- Project Agreement dated on 25 August 2021;
- Tender documentation;
- Bid Evaluation Committee;
- Contracts with selected suppliers
- Supplier's invoices (original);
- Bank Statements and Cashbox Status Reports;

Foundation Older Brother/Older Sister
Project :“ Couch Vulnerable Children through Mentor Programe IV ”
Notes to the Financial Statement on Expenditures

NOTE 1 – RECONCILIATION OF CASH RECEIVED AND PAYMENTS

| | In EUR | In BAM |
|---|----------------|----------------|
| <i>Receipts in the period 01/08/2022 - 31/07/2023</i> | | |
| <i>Opening balance</i> | 17,255 | 33,748 |
| Medicor | 50,000 | 97,791 |
| Kloster Baldeg | 25,284 | 49,451 |
| Campaigns | 3,894 | 7,616 |
| Local organizations contribution | 24,133 | 47,200 |
| <i>Total receipts in the period 01/08/2012 - 31/07/2023</i> | 120,566 | 235,806 |
| | | |
| <u>(Less)</u> Total actual Project expenditures for reporting period from 01 August 2022 to 31 July 2023 | 111,472 | 218,020 |
| | | |
| Total amount of Project funds at the 31 July 2023 | 9,094 | 17,786 |

Association for Prevention of Addiction NARKO-NE

Project :“ Couch Vulnerable Children through Mentor Programe IV ”

Notes to the Financial Statement on Expenditures

NOTE 2 – EXPENDITURES WITH COMMENTS

Expenditures relating to the implementation of the Project: „Older brother, older sister - mentoring program for socially marginalized children“ for the operational period from 1 August 2022 up to the 31 July 2023 were as follows:

2.1. Operational costs

The Operational costs were examined to verify:

- that they specifically relates to the project implementation,
- whether all the costs have been paid.

| DESCRIPTION | Approved Budget | Costs for Reporting Period | Unspent Budget |
|--|-----------------|----------------------------|----------------|
| | EUR | EUR | EUR |
| | 1 | 2 | 3=1-2 |
| Executive director (100%) | 14,725 | 15,551 | (826) |
| Grant coordinator (100%) | 12,271 | 4,755 | 7,516 |
| Quality development and project assistant (100%) | 7,363 | 7,864 | (501) |
| Financial assistant (30%) | 2,454 | - | 2,454 |
| Overhead costs of OBOS Foundation | 4,663 | 7,161 | (2,498) |
| Hosting and domain webpage | 307 | 437 | (130) |
| Work materials - office supplies | 614 | - | 614 |
| Travel cost and refreshment management | 1,227 | 357 | 870 |
| Audit report | 2,301 | 1,196 | 1,104 |
| Total | 45,924 | 37,321 | 8,603 |

Operational costs are related to the net salary of project staff and taxes and contributions calculated in accordance with the Project agreement and the regulations of the Federation BiH. Adequate management and accounting system for ensuring the proper allocation of the personnel costs of the project are in place.

Documentation:

- The financial statement on expenditure
- Project Agreement dated on 25 August 2021
- Project Contracts with Project Staff
- Approved and reallocated Budget
- Bank Statements and Cashbox Status Reports

Association for Prevention of Addiction NARKO-NE
Project :“ Couch Vulnerable Children through Mentor Programme IV ”
Notes to the Financial Statement on Expenditures

2.2. Costs of program activities of OBOS Foundation

The Costs of program activities of OBOS Foundation were examined to verify:

- that they specifically relates to the project implementation,
- whether all the costs have been paid.

| DESCRIPTION | Approved Budget | Costs for Reporting Period | Unspent Budget |
|--|--------------------|----------------------------------|-------------------|
| | EUR | EUR | EUR |
| | 1 | 2 | 3=1-2 |
| OBOS Fund | 62,500 | 71,790 | (7,688) |
| Training for OBOS local coordinators and associates | 1,023 | 14 | 1,009 |
| Coaching and supervision for local coordinators | 920 | - | 920 |
| Monitoring visits to partner organizations | 1,023 | 860 | 163 |
| Improvement of OBOS Standards | 767 | 728 | 39 |
| Total | 66,232 | 71,790 | (5,558) |

It was found that above specified Costs of program activities of OBOS Foundation related to the Project, that are incurred in accordance with Project activities, the period of audit, and that they are properly paid.

Documentation:

- The financial statement on expenditure
- Project Agreement dated on 25 August 2021
- Supplier’s invoices (original);
- Approved and reallocated Budget
- Bank Statements and Cashbox Status Reports

Association for Prevention of Addiction NARKO-NE
Project :“ Couch Vulnerable Children through Mentor Programme IV ”
Notes to the Financial Statement on Expenditures

2.3. Program activities of OBOS Network

Program activities of OBOS Network costs were examined to verify:

- that they specifically relates to the project implementation,
- whether all the costs have been paid.

| DESCRIPTION | Approved Budget | Costs for Reporting Period | Unspent Budget |
|---|-----------------|----------------------------|----------------|
| | EUR 1 | EUR 2 | EUR 3=1-2 |
| Traning and education for volunteers | 1,227 | 82 | 1.145 |
| Coach and supervision of groups of volunteers | 409 | 79 | 330 |
| Materials for campaigns | 2,045 | 76 | 1.969 |
| Events in campaigns | 1,023 | 290 | 733 |
| Branding and promoting OBOS Foundation in public | 767 | 346 | 421 |
| Strategy for OBOS branding and positioning in coorporate philatropy | 1,023 | 1.108 | (85) |
| International and local cooperation | 511 | 379 | 132 |
| Total | 7,005 | 2,361 | 4,644 |

It was found that Program activities of OBOS Network costs are related to the Project, that are incurred in accordance with Project activities, the period of audit, and that they are paid in declared amount.

Documentation:

- The financial statement on expenditure
- Project Agreement dated on 25 August 2021
- Supplier's invoices (originals);
- Approved and reallocated Budget;
- Employment Contracts
- Bank Statements and Cashbox Status Reports