

THE AUDIT REPORT
ON THE SPENDING OF DESIGNATED FUNDS,
BY YOUTH INITIATIVE FOR HUMAN RIGHTS,
IN 2009.

/period January-December/

Podgorica, February 2010

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OPINION OF AN INDEPENDENT AUDITOR

on accuracy and objectivity when spending financial funds in 2009,
period January - December

Responding to your request we have audited financial reports of Youth Initiative for Human Rights - Montenegro, from 1 January through 31 December, that have been submitted to the donor on the spending of financial funds, as well as reports that are submitted to authorities in Republic of Montenegro. The Management of the Initiative for Human Rights - Montenegro is responsible for those reports and our task is to give our opinion on their accuracy and objectivity based on the result on the auditing.

We fulfilled auditing in accordance with generally accepted International Standards of Auditing. Those standards require planning and auditing done in such way that it gives reasonable understanding of whether the financial reports contain major mistakes. Auditing consisted of evaluating the accounting standard and terms that are applied as well as evaluation of the management of the centre.

We were also evaluating the quality of the presentation of the financial reports. We believe that the completed auditing forms a reliable base for our opinion.

In our opinion, financial reports give true and fairly account of income and expenditures of Youth Initiative for Human Rights office in Podgorica, Montenegro. Expenditures were made in accordance to the purpose funds were donated for.

Financial conduct was in accordance to regulation valid in Republic of Montenegro.

Podgorica, 03.02.2010.

The authorized auditor:

Manager

Momčilo S. Mihaljević

Momčilo S. Mihaljević

HUMAN RIGHTS DEFENDERS

Stockholm

ИЗВЈЕШТАЈ НЕЗАВИСНОГ РЕВИЗОРА

Извршили смо ревизију правилности поступања Иницијативе младих за људска права – Црна Гора, у складу са одредбама правила о трошењу донираних средстава од Шведског Хелсиншког комитета-а за период 1. јануар до 31. децембар 2009. године, која се односе на рачуноводствено обухватање и финансијско извјештавање.

Ревизију смо извршили у складу са Међународним стандардима ревизије који се односе на ревизију правилности поступања у складу са основама утврђеним ревизијским ангажманом. Ови стандарди налажу да ревизију планирамо и извршимо на начин који омогућава да се, у разумној мјери, увјеримо да је Иницијатива младих за људска права из Подгорице поступала у складу са одговарајућим правилима. Ревизија укључује испитивање поткрепљујућих доказа на основу провјере узорака. Сматрамо да ревизија коју смо обавили пружа разумну основу за наше мишљење.

По нашем мишљењу, Иницијатива младих за људска права из Подгорице је, у свим материјално значајним поступањима, поступила у складу са одредбама правила о трошењу донираних средстава која се односе на рачуноводствено обухватање и финансијско извјештавање, са стањем на дан 31. децембар 2008. године.

Подгорица, 08.02.2010.

«Независна ревизија М.С.М»
Подгорица
Блок 7 улаз 6; 3/2

Овлашћени ревизор
Момчило С. Михаљевић

AUDITORS's COMMENTS

With financial reports from January through 31 December 2009.

1. INTRODUCTION

Youth Initiative for Human Rights (YIHR) - Montenegro is registered as a non-governmental, non-profit and non-political organization. YIHR's office in Montenegro was founded to advocate the rule of law in Montenegro, to provide protection for the victims of human rights violations, and to research the overall human rights situation in the country. The office focus on strengthening cooperation between and among local human rights NGOs in order to increase the visibility, impact and value of efforts to create a responsible, free and democratic society.

Youth Initiative for Human Rights office in Montenegro was founded in the august of 2006 and is based in Podgorica, st. Vukiće Mitrović 16. Registry number of the organization is 3640 (act 02-3609-06 on 23.08.2006.), activity code 02622220-302.

Youth Initiative for Human Rights office in Montenegro has gyro accounts:

510-18134-55 at Crnogorska komercijalna banka a.d. Podgorica;
510-21366-59 at Crnogorska komercijalna banka a.d. Podgorica;
530-16311-65 at NLB Montenegro banka d.d. Podgorica;

Youth Initiative for Human Rights office in Montenegro is e non-profit organization that is financed by donations from foreign governments and organizations, and by donations from local donors.

Project Agreements

In 2009 the YIHR managed 5 projects. The following table gives an overview of these projects as well as their respective duration and contract amount:

Donor	Duration or Contract Date	Project Title	Contract Amount
Human Rights Defenders	01/03/09-31/12/09	Human rights monitoring and representation of victims before courts	€ 49,320
FOSI ROM	01/03/09-31/12/09	Monitoring on respecting on native language	€ 14,740
Fund For Minority	01/03/09-31/12/09	Monitoring on respecting on native language - translation in Albanian	€ 1,000
UNDP	01/10/09-01/03/10	Legal aid to marginalized groups	€ 10,000
FOSI ROM	01/12/09-30/06/10	Monitoring of minority people rights to employment in public institutions	€ 14,948

As a rule, all projects are supported by project agreements between the YIHR and the donor.

Responsibility of the management

Youth Initiative for Human Rights office in Montenegro has following managerial body:

- Program director of YIHR Montenegro is Boris Raonić;

The main person in charge of the Youth Initiative for Human Rights in Montenegro is Boris Raonić, YIHR Programme Director. The work of the organization is monitored by the Board, which is responsible for decision-making and providing guidance and ratification of important decisions concerning the organization's work.

- Executive director of YIHR Montenegro is Edina Hasanaga Čobaj;

Executive director is in charge for all administrative work and overall functioning of office. Executive director prepares and maintains all financial reports.

At the end of 2009 seven staff members were employed by the YIHR in Podgorica. All staff members have valid employment contracts. Job descriptions are outlined in the so-called »Systematization of Workplaces«. The employees have to prepare monthly activity reports, which are evaluated by the managerial body. The social insurance contributions amount to 32.0% both for the employee and the employer. Income tax is calculated at the flat rate of 12% of the gross salary. The YIHR deducted income tax and social insurance contributions for its employees. The personal files are accurately kept by YIHR.

Object of the audit

Spending of the designated funds donated by Human Rights Defenders, Foundation for an Open Society and UNDP, Ministry for minorities was audited.

Human Rights Defenders finances projects that support democratizations of the society and human right program.

Foundation for an Open Society finances projects related to right of minorities on informing on mother language and youth activism.

UNDP finances projects related to free legal aid.

Financing includes the organizations of seminars, workshops, incorporation of specific regional network projects, and education of young leaders, young politicians and similar.

The goal of this audit is to determine the spending of designated funds that were donated Human Rights Defenders, Foundation for an Open Society, UNDP, Ministry of minority, for financing of the activities from its field of interests.

Auditing will be carried out according to International audit standard 800.

Audit Scope

Tolerable Error assigned to Location Youth Initiative for Human Rights, office in Podgorica has been set at EURO 500.00.

All amounts are reported in EURO.

2. EXPENDITURE IN 2009 RELATED TO YOUTH INITIATIVE FOR HUMAN RIGHTS

Approximately 85 – 90 % of all expenses are paid through a bank account. At the end of 2009 the YIHR in Podgorica kept 2 bank accounts at the Crnogorska komercijalna banka a.d. Podgorica and 1 bank account at the NLB Montengro banka a.d. Podgorica. According to the underlying bank documents Boris Raonic and Edina Hasanaga Čobaj have single signatory power for all bank accounts. The YIHR keeps separate bank accounts for all major projects. All inflows are confirmed by original bank documents.

		In Euro
No	DESCRIPTION	Amount
1.	Balance 01.01.2009.:	
	- Human Rights Defenders	4,376.54 €
	- contributions from other sources	6.06 €
	Total	4,382.60 €
2.	Inflows 2009.:	
	- Human Rights Defenders	49,320.00 €
	- contributions from other sources	41,336.85 €
	Total	90,656.85 €
	TOTAL INFLOWS 2009	Total 95,039.45 €

3.	Outflows 2009	Amount
	Human Rights Defenders - Budget line 2008	
	Balance 01.01.2009. - 4,371.09 €,	
	Inflow 2009. - 11,56 €	
	01- Research costs	-
	02- Conference cost	-
	03- Advocacy	-
	04- Publication	800.00 €
	05- Salaries	2.981.08 €
	06- Administration cost	594.21 €
	07- Bank charges	6.74 €
	Total	4,382.03 €

United Nations Development Program	
Inflow 2009. - 8,009.00 €	
01- Personel	1,470.00 €
02- Transpotration	389.00 €
03- Premises	300.00 €
04- Legal consultants/Representatives	1,520.00 €
05- Other	90.00 €
06- Taxes	356.29 €
Total	4,125.29 €
Human Rights Defenders - Budget line 2009	
Inflow 2009. - 49,353.68 €	
01- Human resources	26,630.83 €
02- Travel cost	548.49 €
03- Equipment and Supplies	760.71 €
04- Office costs	11,446.79 €
05- Other cost	8,137.04 €
06- Bank charges	87.36 €
07- Auditing cost	-
Total	47,611.22 €
Foundation Open Society	
Inflow 2009. - 14,775.35 €	
01- Research costs	4,699.21 €
02- Publication	894.61 €
03- Administration	1,597.38 €
04- Human resources	6,222.51 €
05- Bank charges, overhead	1,229.06 €
Total	14,642.77 €
Youth Initiative for Human Rights, office Belgrade	
Inflow 2009. - 2,524.94 €	
01- Salaries	2,501.18 €
Total	2,501.18 €
Fund For Minority	
Inflow 2009. - 1,000.00 €	
01- Other	34.37 €
Total	34.37 €
TOTAL OUTFLOWS 2009 73,296.86 €	
4.	Balance 21,742.59 €

Through our insight into original documentation we saw that designated funds were used accordantly.

The above mentioned Statement was examined and all tests of the supporting documentation and accounting record deemed necessary were carried out in order to obtain reasonable assurance that in our opinion, based on our audit:

- the amount of the total eligible outflows 73,296.86 EURO declared above, is complying with the following cumulative conditions:
 - they are actual and reflect the contractor’s economic environment;
 - they are determined in accordance with the contractor’s accounting principles;
 - they have been incurred during the periods covered by the Statements concerned by this audit certificate;
 - they are recorded in the accounts of the contractor at the date of established of this audited certificate;
- accounting procedures used in the recording eligible costs and receipts respect the accounting rules of the State in which the contractor is established and permit the direct reconciliation between the costs and receipts incurred for the implementation of the project covered by the Youth Initiative for Human Rights Podgorica;
- paying teller was done according to rules and standards. Every payments has a document attached to it that guarantees it;
- personal income (salaries and temporary contracts) has been accounted according to rules.

3. REVIEW OF THE INFLOWS FROM A DONORS

During the year 2009. Youth Initiative for Human Rights had the following inflows:

- open balance 01/01/09		4,382.60 €
- transfer on 20/02/09 amount of euro	2,530.00 € (Regional office YIHR)	
- transfer on 11/03/09 amount of euro		14,740.00 € (FOSI)
- transfer on 21/04/09 amount of euro		24,660.00 € (HRD)
- transfer on 03/09/09 amount of euro		24,660.00 € (HRD)
- transfer on 20/10/09 amount of euro		8,000.00 € (UNDP)
- transfer on 25/11/09 amount of euro		14,948.00 € (FOSI)
- transfer on 08/12/09 amount of euro		1,000.00 € (FM)
- contribution from other sources 2009.		118.85 €
	TOTAL	95,039.45 €

In year 2009 inflow was, 95,039.45 euro.

Remain funds of 2008 year were 4,382.60 euro and these surplus is transferred to year 2009. There is remaining funds of 21,742.59 euro from this period and these surplus is transferred to year 2010.

4. RECOMMENDATION

In the planning and completing of our partial auditing we have not investigated internal control routines in Youth Initiative for Human Rights Podgorica in detail but only the part that is directly related to donors.

Auditing was conducted according to regulations of International audit standard 800.

We have conducted an audit relating to the cost declared in the Financial Statement.

We confirm that our audit was carried out in accordance with generally accepted auditing standards respecting ethical rules and on the basis of the relevant provisions of the above referenced contract.

Due to this fact, our observations and recommendations could not be perceived as complete as it could be if we were responsible for the auditing of the whole enterprise.

That's why this report is relevant primarily for Youth Initiative for Human Rights Podgorica Management and Human Rights Defenders.

Upon examination of the document we noticed high level of order and systematic deposition and operational processing of documents.

We want to point out that we, as an auditor, found no reason to be suspicious that the submitted documentation was not trustworthy.

Finally, we want to emphasize high level of rationality in the spending of financial funds by YIHR Podgorica, as well as high level of order in their conduct.

5. FINANCIAL STATEMENTS

The YIHR Podgorica prepared financial statements in EURO as of 31 December 2009. The financial statements include all projects and consist of a balance sheet and an income statement. The following tables give an overview of the presented financial statements:

BALANCE SHEET as of 31 December 2009

Item	Dec-31, 2009	Dec-31, 2008
Non-current assets	2,428	3,169
Intangibles, net		
Property, plant and equipment	2,428	3,169
Investment property		
Advanced for fixed assets		
Available for sale investments		
Long term financial placements		
Deferred tax assets		
Current assets	21,742	4,482
Inventories		
Trade and other receivables		
Short term financial placements		
Cash and cash equivalents	21,742	4,482
Other current receivables and accrued income		
Prepaid income tax		
TOTAL ASSETS	24,170	7,651
Equity	7,349	7,349
Share capital		
Revaluation reserves		
Other reserves		
Accumulated profit/loss	7,349	7,349
Long-term provisions and liabilities	16,460	
Long-term borrowings		
Long-term provision	16,460	
Other long term liabilities		
Short-term financial liabilities	361	302
Short term liabilities	257	183
Trade and other payables		
Current portion of long-term borrowings		
Deferred income		
Other short term liabilities	104	119
TOTAL EQUITY AND LIABILITIES	24,170	7,651

INCOME STATEMENT for the year ended 31 December 2009

Item

Revenues from donations	74,078	36,000
Other operating revenues		720
Changes in inventories of finished goods and work in progress		
Cost of materials and consumables	(2,615)	(533)
Salaries and other benefits to employees	(47,313)	(40,125)
Depreciation and amortization	(1,196)	(1,054)
Other operating expenses	(23,073)	(16,923)
Profit from operations	16,341	(21,915)
Financial income / (expenses), net	119	114
Income tax		
Profit for the year	-	(21,801)