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2251548011384, cod 280101864 cod fiscal 1002600032394, cod TVA 0401085

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## **MANAGEMENT LETTER**

### **on the 2006 Financial Statements of the Independent Journalism Center**

Audit Company "Runat-Audit" SRL, having its legal address at 13/167 M. Spataru str., Chişinău, and its premises at 3/1 A. Russo str., Chisinau, Republic of Moldova, tel. 49-30-24, tel./fax. 40-46-13.

License for conducting audit activities (audit of companies (general audit)), series A MMII No.004049 of 3 May 2002, issued by the Licensing Chamber, and valid until 3 May 2007.

Certificate of registration of the Audit Company "Runat-Audit" SRL, No.1002600032394 of 15 December 1998, Series MD 0025811, issued by the Registration Chamber of the Republic of Moldova.

The following participated in the audit: from the Audit Company "Runat-Audit" SRL - Natalia Rusu, auditor, and Veronica Iovu and Mariana Patrascu – assistant auditors; from the Independent Journalism Center – Angela Maximenco, Chief-accountant.

#### **Analytical conclusions**

This Auditors' Report is addressed to the Management of the Independent Journalism Center.

As part of our audit of 2006 financial statements, we have audited the balance sheet of the Independent Journalism Center as at 31 December 2006 and the related statements of income, changes in equity, and cash flows for the year then ended. We conducted our audit in accordance with the Law of the Republic of Moldova on Audit, No. 729-XIII of 15 February 1996 and with the National Standards on Auditing.

The internal control of the assets, funds, accounts payable and receivable for the audited period was conducted by the management of the Independent Journalism Center. The audit found no material misstatements in the internal control system, in accordance with the character and scope of the Center's main activity.

The Independent Journalism Center benefited from funding in the form of grants from several donors, in the total amount of USD 383,599. The initial balance thereof as at 1 January 2006 was USD 24,412, and grant amounts received during 2006 constituted USD 359,187.

The special destination funds received according to the Grant Agreement AG 3718 for the implementation of the Project "Building Conflict-Resolution Capacity of Moldovan Journalists" funded by the Department for International Development of the UK Government (DFID Moldova) amounted to USD 77,600.44 in 2006. The initial balance thereof as at 1 January 2006 was USD -3,625.84, and the funds received during 2006 amounted to USD 81,226.28 (see Annex 1).

The Independent Journalism Center, in conducting its activity aimed at achieving the goals of the Project "Building Conflict-Resolution Capacity of Moldovan Journalists", made disbursements in the total amount of USD 75,550.53, which accounts for 20.48% of the Center's total expenses for 2006, including USD 57,941.27 (19.75%) as direct expenses under the Project, and USD 17,609.25 (23.35 %) as administrative expenses (see Annex 2).

The risk of our expressing an opinion based on the factors disclosed in our auditors' report may be qualified as a reduced level control risk. The subject-matter of the audit was to identify the payments disbursed according to the project requirements, to verify the accuracy of use of funds of the Project "Building Conflict-Resolution Capacity of Moldovan Journalists" by the Independent Journalism Center, and to confirm the accuracy of information contained in the reports on the use of the above-mentioned Project.

The audit has generally found no violations of the accounting and financial statement preparation methodologies, established by the legislation in force. We confirm that all the payments made under the Project were accompanied by the necessary documents; no deviations or material misstatements were found. We confirm that all incurred expenses were paid by the Independent Journalism Center in accordance with the Moldovan legislation, National Accounting Standards, and with the budget lines stipulated by the DFID Grant Agreement.

The audit found no elements of double reporting of the same expenses to various donors, or any other elements of fraud.

#### **General conclusions**

These financial statements are the responsibility of the management of the Independent Journalism Center. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the National Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the Independent Journalism Center as at 31 December 2006, and of the result of its operations, equity changes and cash flows for the year then ended in accordance with the National Accounting Standards.

**Director of the Audit Company**  
**"Runat-Audit" SRL:**

**28 March 2007**

A handwritten signature in cursive script is written over a circular official stamp. The stamp contains the text "SRL" at the top, "RUNAT-AUDIT" in the center, and "MOLDOVA" at the bottom. The signature appears to be "Natalia Rusu".

**Natalia Rusu**