



ANNUAL REPORT 2016

Soros-Foundation Kazakhstan

Soros Foundation-Kazakhstan (SFK) is an Almaty-based non-governmental organization established by the Open Society Foundations in 1995 to promote civil-society initiatives in Kazakhstan. Our mission is promoting values of the open society in Kazakhstan.

FUNDS ALLOCATED IN 2016:

Public Policy Initiative	168 341 038
Social Inclusion Initiative	117 762 142
Human Rights Program	201 805 438
Media Program	124 170 071
Youth Program	118 384 947
Local Budget Initiative	106 686 770
Transparency and Accountability	109 595 428
Open Economy Initiative	39 754 977
Total:	986 500 811



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Independent Auditors' Report

Addressed to: Management Board of Corporate Foundation "Soros Foundation Kazakhstan"

Copied to: Open Society Institute Assistance Foundation (for attention of the Audit Department)

Opinion

We have audited the Open Society Foundations Financial Reporting Package (the Financial Reporting Package) of Soros Foundation Kazakhstan (the Foundation), which comprises the Statement of Assets, Liabilities, and Fund Balance as at 31 December 2016, and the Statement of Revenues, Expenses and Change in Fund Balance, and the Statement of Cash Flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying Financial Reporting Package is prepared in all material respects, in accordance with the Open Society Foundations' Accounting Policies included in Section A.1 of the Instruction Kit issued for the 2016 external audits of the Open Society Foundations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Reporting Package* section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Use and Distribution

We draw attention to Note 2 to the Financial Reporting Package, which describes the basis of accounting. The Financial Reporting Package is prepared to assist the Foundation to comply with the Open Society Institute Assistance Foundations' financial reporting requirements. As a result, the Financial Reporting Package may not be suitable for another purpose. Our report is intended solely for the Management of the Foundation and the Open Society Institute Assistance Foundation and should not be used by or distributed to parties other than the Management of the Foundation and the Open Society Institute Assistance Foundation. Our opinion is not modified in respect of this matter.

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Responsibilities of Management and Those Charged with Governance for the Financial Reporting Package

Management is responsible for the preparation of the Financial Reporting Package in accordance with the Open Society Foundations' Accounting Policies, and for such internal control as management determines is necessary to enable the preparation of the Financial Reporting Package that is free from material misstatement, whether due to fraud or error.

In preparing the Financial Reporting Package, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Reporting Package

Our objectives are to obtain reasonable assurance about whether the Financial Reporting Package as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Reporting Package.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Reporting Package, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Auditors' Responsibilities for the Audit of the Financial Reporting Package

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Reporting Package or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Audit LLC

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20 April 2017



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