



N.Sh. ” Alb Account ”

Comunity Development Fund

Independent Audit Report

Financial Statements

31 December 2015

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INDEPENDENT AUDIT REPORT

To the Management of the NGO “Community Development Fund”

Object of the audit

We have audited the financial statements, specifically the statement of the financial position of the NGO “CDF”, as well as comprehensive incomes report for the year ended at 31 December 2015.

The responsibility of the Organization about financial statements

For these financial statements responsible is the leadership of the Non Governmental Organization “Community Development Fund”. The management is responsible for the fair presentation of these financial statements. This responsibility includes the creation, execution and keeping of the relevant internal control for preparing and fair presentation of the financial statements, released from possible fraud and mistakes, setting and realization of the accounting policies as well as any reasonable accounting evaluation.

Auditor’s responsibility

Our responsibility is to give an opinion on these statements based on our audit.

Except of what is discussed in the continuing paragraph, we have conducted our audit in compliance with the International Audit Standards, which are applicable in the Republic of Kosovo. These statements require planning and conducting of the audit works in order to express an opinion that the financial statements do not contain any irregularities and are free of any misstatements and material mistakes, respectively eventual fraud. An audit includes examination based on tests of the data’s supported by the figures and spreads in the financial statements. An audit also includes the evaluation of the applied accounting principles and the evaluations made in respecting and applying of the laws and regulations during the execution of the operations from the Organization.

Basis on providing of the opinion

The policies of the “Community Development Fund” are in accordance with the disposals of the law no. 04/L-57 for the freedom of association on the Non Governmental Organizations. The Organization has been established based on the law and regulation which regulate this sector and continues to function with the same status which is in accordance with the section 26 of the law no. 04/L-57. In these basis, the incomes are known when they happen, specifically when are accepted, and expenses also when they happen, in accordance with the accounting standards which are applied in Kosovo. In the financial statements of this period the timing principle has been achieved by recognizing the incomes for projects only for the occurred expenses, while keeping the surplus in condition as funds or liabilities according to the projects.

Due to the nature of the data used during the audit and the assistance of the officials engaged in operational works and the management of the Organization, we have managed to achieve a reasonable assurance as to the accuracy and completeness of the records on the financial means designated to and received by the Organizations officials, as well as the managing and expending of it in accordance with the regulations and procedures of the Organization.

The developed procedures that are applied by the Organization during the course of its operations are in compliance with laws and regulations that are applied in Kosovo. In performing the audit work we have concluded that the financial statements are free of any eventual material misstatements.

Auditor's opinion

According to our opinion, the accompanying statements present a true and fair view, in all material aspects, of the financial positions of the Organization, of the legal and applicable procedures for the period 01.01 – 31.12.2015, as well as the results of its operations in accordance with the accounting principles which are applicable in Kosovo.

N.Sh. "AlbAccount"

May, 2016

General information

The Organization has started its activities in November 1999; it was established in cooperation with the Kosovo Foundation for Open Society (KFOS), while from the 8 November 2000 works as an independent foundation that enjoys the legal status of public benefit non-governmental organization. The Organization is governed by a Board of Directors composed of members of civil society and professionals from various Kosovo institutions, selected on the basis of their professional experience and their knowledge about social problems in Kosovo.

The Organization possesses the registration number 5200032-7, with public benefit status number 6000587-7, in harmony with Organization's goals based on Chapter I, Article 1 of Law no. No.04/L- 57 on freedom of association in NGOs. The organization has the fiscal number certificate no. 600253124. The organization's headquarters are in Prishtina. The preparation of financial statements, "Community Development Fund" makes in accordance with Article 18 point 6.1, points 6.2 and 6.9 of this section of law. The financial report is part III of the organization's annual report.

The Organization is led by its management, and the definition and direction of policy statements by the management is done in coordination with the regulations of the law.

The Non-Governmental Organization "Community Development Fund" its financial activity for the year 2012 has developed through bank accounts in the bank "Pro Credit Bank" based in Prishtina and with number of accounts according to the projects. Also, the organization has an account in USD currency in TEB Bank in Prishtina, where usually are accepted donations, specifically money intended for development activity. From disclosure of banking turnover and extracts examination we found that the Organization has maintained sufficient evidence regarding the circulation of money and has all the changes recorded in the accounting records.

Statement of Financial Position

	As of 31 December	2015	(EUR) 2014
Assets			
Cash		1,075,875.46	830,980.00
Grants received		-	-
Equipments		21,777.52	16,594.00
Advances		-	-
Assets Total		1,097,652.98	847,574.00
Liabilities and funds			
Liabilities			
Accrued Expenses			
Other Liabilities		550,112.84	396,631.00
Liabilities Total		550,112.84	396,631.00
Funds			
Not expended funds 01 January 2015		450,943.00	-
Added: Accepted funds in the actual year		2,484,175.12	2,583,016.00
Reduce: Funds (expended) in the actual year		(2,387,577.98)	(2,132,073.00)
Funds Total		547,540.14	450,943.00
Liabilities and Funds Total		1,097,652.98	847,574.00

Prishtina
31.03.2016

Muharrem Hajredini,
Financial Manager

Nermin Mahmuti,
Executive Director

Income Statement

	31 December 2015	2015	(EUR) Closing of the year 2014
Incomes			
Funds received, contributions, gifts		2,484,175.12	2,583,016.00
Incomes Total		2,484,175.12	2,583,016.00
Project Expenses			
Program Expenses		(1,162,152.88)	(1,171,014.00)
Management and administration		(634,649.41)	(377,118.00)
Other expenses		(590,775.69)	(583,941.00)
Expenses Total		(2,309,914.09)	(3,930,924.34)
Net residue/ loss for the period		96,597.14	450,943.00

Prishtina
31.03.2016

Muharrem Hajredini,
Financial Manager

Nermin Mahmuti,
Executive Director

Disclosures (explanations) to the financial statements

Basis of preparation of the financial statements

These financial statements have been prepared in accordance with the accounting standards applicable in Kosovo.

Organization's reporting period is 12 months ending on the 31 of December of the period. The financial statements have been prepared in comparative basis, reflecting the balances of this year and the prior one.

Cash and cash equivalents comprise cash balances and those deposited in local banks.

The Organization is exempt from the income tax.

The financial statement is a financial report for general purposes which is prepared in accordance with the accounting standards and in compliance with regulatory requirements which apply in Kosovo, as well as for the needs of the management and other users.

The financial statements have been prepared in accordance with the historical cost of assets and liabilities, as well as the capital of the non-governmental organization "Community Development Fund". Also, the operations that have occurred during this reporting period as well as the incomes and expenses are included in accordance with the laws, regulations and standards.

Community Development Fund's projects during the year 2015

CDF is a nonprofit organization that works to strengthen and expand the role of the communities in Kosovo.

Community Development Fund "CDF" has conducted a large number of infrastructure projects in the community, support NGOs and SMEs through the provision of grants and technical assistance to municipalities to identify their needs and to help them in capacity building and institutional support, for example the Ministry of Health in the prevention of TB and HIV.

The program Advancing Kosovo Together - Local Alternative (AKT - LA) is a program funded by USAID and aims to strengthen positive and constructive inter-ethnic communication, focusing on the problems, needs and common solutions. The activities of the program will focus on engaging people to think, talk and work together with members of other communities.

By including better opportunities for the integration of minority markets with wholesale markets, the improvement of the value chain in order to ensure the economic sustainability of businesses and increased accountability of local administrations to services and minority communities.

During this year there have been 9 projects identified for communities two of which have been implemented: One in the municipality of Obilic / Obilic and another in the municipality of Ranilug / Ranilug. There were also 110 applications received from these areas: advocacy, participation of women and youth in local decision-making training for transparency and anti - corruption, and support the small cultural events and sports.

Applications were received from all 16 targeted municipalities.

During September of 2015 there were two workshops organized: one on cooperation for the partner municipalities as well as for fundraising for municipal officials who work in the departments of economic development and finance.

526 applications were received for grants to businesses, including start-ups and existing ones, and from diverse fields such as grants for agriculture, textile, food, and beverage industries.

In coordination with local institutions programs were supported to fight against HIV and TB funded by Global Fund, monitor process performance, etc. Management units of the Global Fund HIV Program, in addition to these activities were also engaged in the development and design of the project document for new grants, and drafting a new strategy for the mobilization of financial resources, a strategy based on access to communities.

The description below shows the continuity of projects and donor participation by means in the realization of contracted projects and payments made by CDF during the period January-December 2015 as follows:

For the implementation of projects by USAID-AKT-COM with community participation, implementation of projects funded by the Global Fund for HIV, TB, and funds from the European Commission and Helvetas, on 31.12.2015 CDF has disposed of the budget adopted by donors in the amount of : 15,826,600.01Euro.

During 2015 there were a significant number of projects financed, which are listed in the tables of project-based structure.

From the tables we saw in what was invested: Value of paid projects during 2015 is 1,162,152.88 Euro, management expenses in 2015 were € 634,649.41, other expenses 590,775.69 Euro. Total cash paid during the year 2015 (projects and operating expenses) was 2,387,577.98 Euro.

Table 1. Funds spent according to projects

	31 of December	Year ending 2015
USAID- AKT- COM		609,616.15
KE- Produce		65,005.70
Unit- GF- PMU- HIV		349,142.87
Unit- GF- PMU- TB		116,051.77
Helvetas- AS		22,336.36
Total		1,162,152.85

Assets and liabilities, income and expenses

In the state dated 31.12.2015 organization's assets were cash, equipment and inventories necessary for the development of activity. Relatively small value of assets reflects from the fact that assets of the organization have been greatly amortized during the activity and in accordance with standards. These assets even though in the books are almost fully depreciated, physically are functional and nearly meet the demands.

There has not been noticed any real change in value of the assets compared to last year and the non moveable assets presented in the financial statements have the full support on accounting records and evidence.

From the examinations carried out during the audit we have noticed that this non-governmental organization, because all the evidences bases more on accounting of money, the incomes have been recognized more when the expenditure has occurred respectively during the implementation of certain projects.

Upon receiving the money, because of the non-profit and public benefit status, the organization has firstly recognized the deferred income, specifically the obligation for grant, action which we consider fair and in harmony with legal dispositions. These revenues have been earned based on the projects prepared by the Community Development Fund. The expenses have been recognized when incurred, in timing principle. In general, we think that the recognition of incomes and expenses has been made in accordance with the standards and regulations.

During the examination and analysis of the financial statements we have come to the conclusion that payments on staff are the largest cost position. During this year, compared with the prior year wages have not shown any change. In this organization, the participation of personal income in the total costs is symbolic and coincides with the mission of the organization.

As for the method of calculation and payment of salaries and bonuses, we think that it has been fully respected the law 03/L-161 on individual incomes in Kosovo. Salary transfer has been made through bank accounts. Withholding tax has been calculated on a regular basis and has been paid in legal deadlines. These procedures have been applied also in the case of the calculation and payment of trust means for pension savings.

In the tables below are presented and can be seen the state of money at the end of the period, as well as the condition of the assets of the organization.

Table 3. Money at the end of the period

As of 31 December 2015	
Accounts in local banks	
Pro – Credit Bank, Prishtina	955,777.93
TEB- Bank, Prishtina	120,097.53
Cash and equivalents	1,075,875.46
Cash and cashbox situation	
Cashbox in Prishtina	
Emergency deposits	
Cash and cashbox situation	-
Cash Total	1,075,875.46

Table 4. Situation of fixed assets

On 31 December 2015 the organization's list includes all equipment for operational activities. The following table provides information on the movements in the cost and accumulated depreciation for the period under review.

	Cost	Accumulated Depreciation	Net amount of equipments
As of 01 January 2015	216,732.00	(200,138.00)	16,594.00
Purchases	10,580.00	-	10,580.00
Depreciation for the year 2015		(5,396.48)	(5,396.48)
Situation as of 31 December 2015	227,312.00	(205,534.48)	21,777.52

Financial and procurement procedures in the Organization

The organization its financial activity has developed based on internal financial procedures drawn up on the basis of legal requirements (based on the manual of the World Bank), and in accordance with applicable regulations and laws that are applied in Kosovo. From the analysis and examination of the procedures in question, we have found that these procedures have defined the duties and powers of the officials engaged in work. Internal procedures which have been designed by the organization's officials reviewed and approved by the management of the organization are in full compliance

with the laws and regulations of Kosovo, which relate to the operation and freedom of association in non-governmental organizations, such as law no.04/L- 57, law on personal income in Kosovo, administrative guidelines on the implementation of these laws, etc.

Among the procedures that apply to the organization are procurement procedures under the procurement law and procedures related to public finance law. From the examination carried out it can obviously be seen the application of procurement procedures for three projects that had the focus according to the commitment as well as other projects which are subject to procurement law. Financial procedures are based on the manual of the World Bank as well as standards, laws and regulations that are applied in Kosovo. From the documentation it can be noted that the function of creation of the financial document as well as the approval and execution are separated, which is in accordance with the requirements of the standards as well as general rules on operations in the field of finance. Also, it is clearly defined the level of responsibility and authority in the management of finance, according to the level and position of the officials. In the scheme of financial procedures and cash flow it can be seen the flow of financial documents from the time of filing the request for funds until final approval for payment and definitive expenditure of these monetary means.

In relation to these procedures we have examined the projects USAID-AKT-COM strengthening positive and constructive inter-ethnic communication, focusing on the problems, needs and common solutions. Also, we have examined the developed procurement procedures and developed financial procedures in the projects funded by the Global Fund fighting HIV and TB. We believe that in the examined projects have been respected the laws and regulations as well as the internal procedures. Preparation of the financial statements, the organization does it in accordance with Article 18.1 of the Law 04/L-57.

The financial report is part III of the organization's annual report in accordance with Article 18.3.3 of the law on freedom of association in non-governmental organizations. The financial procedures and the cash flow and documents we have reviewed in full, and we are convinced to the closure of the financial cycle.

Completion

With competence and reasonable confidence we can conclude that we are dealing with complete records and that there is a sufficient precision to documents and financial statements. We have not observed any material error level, any fraud or attempted fraud. During securing of the documents we have not had any obstacles to doing this. We express our respect to personnel for the assistance offered. We have planned the audit, and we have realized the audit program based on the dynamics.