

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

COMMUNITY DEVELOPMENT FUND

FOR THE YEAR ENDED 31 DECEMBER 2018

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INDEPENDENT AUDITOR'S REPORT

To the Management of Community Development Fund

Opinion

We have audited the accompanying financial statements of the Community Development Fund (the "Organization"), which comprise the statement of financial position as of 31 December 2018, the statement of sources and uses of funds year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Organization as of 31 December 2018 and its statement of sources and uses of funds for the year then ended in accordance with the accounting policies and procedures as described in note 2 to the financial statements.

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 statements* section of our report. We are independent of the Organization in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* that are relevant to our audit of the financial statements in the Republic of Kosovo. 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

We draw attention to Note 2 to the financial statements, which describes basis of accounting. The financial statements are prepared to assist the organization to comply with local legislation. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other matter

The financial statements of the Organization as at and for the year ended 31 December 2017, were audited by another auditor who expressed an unqualified opinion on those financial statements on March 2018.

Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the basis of accounting as described in note 2 to the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that is free of material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial statements

Our Objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 these financial statements.

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 statements, 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

RSM Kosovo Sh.p.k.

RSM Kosovo Sh.p.k

Prishtina, Kosovo
27 March 2019

STATEMENT OF FINANCIAL POSITION

	Notes	2018 (in EUR)	2017 (in EUR)
ASSETS			
Non-current assets			
Property and Equipment	3	29,800	6,690
Total Non-current assets		29,800	6,690
Current Assets			
Cash and cash equivalents	4	823,532	1,319,488
Total Current Assets		823,532	1,319,488
TOTAL ASSETS		853,332	1,326,178
LIABILITIES			
Current Liabilities			
Deferred income		-	663,895
Project Liabilities		19,591	-
Total Liabilities		19,591	663,895
FUNDS			
Funds Balance	5	833,741	662,283
Total Funds		833,741	662,283
TOTAL LIABILITIES AND FUNDS		853,332	1,326,178

These financial statements have been approved by the Management on 18 March 2019 and signed on its behalf by:



 Nermin Mahmuti

Executive Director



 Muharrem Hajredini
 Finance officer

STATEMENT OF SOURCES AND USES OF FUNDS FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 (in EUR)	2017 (in EUR)
Grant Income	6	2,174,891	4,500,204
Release of deferred income		663,895	-
Total Funds		2,838,786	4,500,204
Project Expense	7	1,377,470	3,399,618
Staff expenses	8	521,727	652,496
Operating expenses	9	761,441	859,851
Depreciation Expense	3	6,690	10,732
Total Expenses		2,667,328	4,922,697
Surplus (Deficit) for the year		171,458	(422,493)

1 BACKGROUND INFORMATION

Community Development Fund is registered as non-governmental organization under the registration number 5200032-7 dated 8 November 2000.

CDF operates as a non-governmental organization with Public Benefit Status, since November 2000 to carry out community development projects through small-scale community investments. It was established as an appropriate tool for offering improvements of living standards in a participatory manner. Over the past nineteen years, CDF has established solid partnerships with local NGOs, development agencies and a number of external donors. It has implemented a program of activities which has earned a high level of recognition as a development agency among the key stakeholders including the government, for its visible impact in achieving its prime goal of poverty reduction and improving living conditions. Through its projects, CDF aims at building the capacities of self-development within the communities, so as to be able to articulate and fulfill their development needs as a community in its whole, or as a certain group within one community.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

The financial report has been prepared in accordance with the cash receipts and disbursements basis of accounting. On cash receipts and disbursements basis of accounting, revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred, except for certain indirect cost which are accounted in accrual basis and for property and equipment which are capitalized.

All data in the financial report are expressed in Euro (the legal currency in the territory of Kosovo). Where necessary, comparative figures have been reclassified in order to conform to the current year presentation.

2.2 GRANT INCOME

Grant Income

Grant Income is recognized on cash basis.

2.3 TAXATION

The Organization was established as a non-profit organization and was granted public benefit status. Based on the laws in force in Kosovo, it is exempted from taxation.

2.4 FOREIGN CURRENCY TRANSACTIONS

Foreign currency monetary assets and liabilities are translated into the functional currency of the concerned entity of the Organization using the exchange rates at the reporting date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in statement of sources and uses of funds.

2.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, consist mainly of computers, office furniture and equipment and vehicles and are carried at cost, or fair value for purchased or donated assets, less accumulated depreciation and provision for impairment where required. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount and the difference is charged to the statement of profit and loss. The estimated recoverable amount is the higher of an assets' net selling price and its value-in-use.

The cost or fair value of purchased or donated property and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to their present location and condition necessary for their intended use. Depreciation is charged on a straight – line basis calculated to write off the recorded cost or fair value of property and equipment over their 5-year estimated useful lives. Leasehold improvements are depreciated with shorter period from the rent period and estimated useful life of the assets, unless it is probable that ownership rights will be transferred to Organization at the end of the rent period.

2.6 RESERVES

Funds are initially created by founders' contributions made in monetary and/or in-kind assets carried at their fair values. Subsequently, funds are increased/decreased through additional founders' contributions, and results (surplus/deficit) from operations during the periods.

2.7 PROJECT LIABILITIES

These amounts represent liabilities for goods and services provided to the organization prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

3 PROPERTY AND EQUIPMENT

	Office Equipment	Vehicles	Total
COST			
As at 1 January 2017	40,539	13,120	53,659
Additions/Disposals for the year	-	-	-
At 31 December 2017	40,539	13,120	53,659
At 01 January 2018	40,539	13,120	53,659
Additions/Disposals for the year	-	29,800	29,800
At 31 December 2018	40,539	42,920	83,459
ACUMULATED DEPRECIATION			
As at 1 January 2017	26,355	9,882	36,237
Depreciation for the year	8,108	2,624	10,732
At 31 December 2017	34,463	12,506	46,969
At 01 January 2018	34,463	12,506	46,969
Depreciation for the year	6,076	614	6,690
At 31 December 2018	40,539	13,120	53,659
Net carrying amount			
As at 31 December 2017	6,076	614	6,690
As at 31 December 2018	-	29,800	29,800

4 CASH AND BANK BALANCES

	2018 (in EUR)	2017 (in EUR)
Cash at banks	823,261	1,319,488
Cash on hand	271	-
Total cash and cash equivalent	823,532	1,319,488

5 FUND BALANCE

Donator	Project Name	2018 (in EUR)	2017 (in EUR)
Global Fund	Scaling up HIV prevention in Kosovo	171,569	147,850
Global Fund	Scaling up tuberculosis prevention in Kosovo	169,010	573,322
USAID	Advancing Kosovo Together –Local Solutions – Community Fund and Indirect cost	121,312	189,462
The European Union	Extension of VIP Dinarčia in the CBE Region Albania –Kosovo	105,952	2,920
Ministry of Health of Republic of Kosovo	Scaling up HIV prevention in Kosovo	73,785	46,408
Community Development Fund	Cost Sharing	89,475	57,566
Global Community Engagement and Resilience Fund	BRICK _Building Resilience for Individuals and Communities in Kosovo	50,846	85,869
USAID	Advancing Kosovo Together –Local Solutions	25,545	213,498
The Regional Cooperation Council	Development and promotion of new via Dinarčia Routes in Kosovo	21,635	-
Lux Development		4,612	4,634
The European Union		-	968
Helvetas Swiss Cooperation	Demo VIP Project	-	680
		-	3,001
Total Funds		833,741	1,326,178

6 GRANT INCOME

Donator and Project Name	2018 (in EUR)	2017 (in EUR)
Global Fund- Scaling up HIV prevention in Kosovo	759,677	677,254
USAID Advancing Kosovo Together –Local Solutions	369,149	2,501,657
Global Fund Scaling up tuberculosis prevention in Kosovo	329,929	522,799
The European Union – Extension of VIP Dinarčia in the CBE Region Albania – Kosovo	251,958	15,192
Global Community Engagement and Resilience Fund- BRICK _Building Resilience for Individuals and Communities in Kosovo	246,437	107,090
Ministry of Health of Republic of Kosovo– Scaling up HIV prevention in Kosovo	145,680	77,868
USAID Advancing Kosovo Together –Local Solutions –contribution in kind	50,281	538,765
Regional Cooperation Council –Development and promotion of new via Dinarčia Routes in Kosovo	21,780	-
Helvetas Swiss Cooperation –Demo	-	38,963
Community Development Funds transfer	-	20,617
European Union	-	-
Total	2,174,891	4,500,205

7 PROJECT EXPENSES

Project Name	2018 (in EUR)	2017 (in EUR)
Scaling up HIV prevention in Kosovo	375,746	391,542
Advancing Kosovo Together –Local Solutions	323,259	2,137,604
Scaling up tuberculosis prevention in Kosovo	183,872	159,822
BRICK _Building Resilience for Individuals and Communities in Kosovo	155,884	5,602
Scaling up HIV prevention in Kosovo	120,480	-
Extension of VIP Dinarica in the CBE Region Albania –Kosovo	115,974	72,440
Advancing Kosovo Together –Local Solutions –contribution in kind	99,653	557,206
CDF Shared cost	2,457	1,410
Development and promotion of new via Dinarica Routes in Kosovo	145	31,453
Demos	-	42,539
Total	1,377,470	3,399,618

8 SALARIES AND OTHER BENEFITS

Project Name	2018 (in EUR)	2017 (in EUR)
Advancing Kosovo Together –Local Solutions	170,281	344,793
BRICK _Building Resilience for Individuals and Communities in Kosovo	116,022	15,619
CDF Reserves	7,129	15,926
Scaling up tuberculosis prevention in Kosovo	104,483	126,411
Scaling up HIV prevention in Kosovo	97,008	128,000
VIP Dinarika–EU Cross Border 2	26,804	-
Extension of VIP Dinarica in the CBE Region Albania –Kosovo	-	21,747
Total	521,727	652,496

9 OTHER OPERATING EXPENSES

Project Name	2018 (in EUR)	2017 (in EUR)
Scaling up tuberculosis prevention in Kosovo	445,886	249,502
Scaling up HIV prevention in Kosovo	248,846	344,340
Advancing Kosovo Together –Local Solutions	53,820	243,973
Shared expenses	-	596
BRICK _Building Resilience for Individuals and Communities in Kosovo	9,646	-
VIP Dinarika–EU Cross Border 2	3,227	-
Scaling up HIV prevention in Kosovo	16	-
European Commission	-	21,355
Advancing Kosovo Together –Local Solutions –Community Fund and Indirect cost	-	45
Demos	-	40
Total	761,441	859,851

