



Community Development Fund

Independent Auditor's Report and financial individual statements
for the year ended December 31, 2019

Community Development Fund

TABLE OF CONTENTS

PAGE

AUDITORS' REPORT

STATEMENT OF FINANCIAL POSITION

1

STATEMENT OF REVENUE AND EXPENDITURE

2

STATEMENT OF CHANGES IN NET ASSETS

3

STATEMENT OF CASH FLOWS

4

NOTES TO THE FINANCIAL STATEMENTS

5 - 15



INDEPENDENT AUDITORS' REPORT

To the Management of Community Development Fund - CDF

Opinion

We have audited the accompanying financial statements of Community Development Fund - CDF, which comprise the statement of financial position as at December 31, 2019, and the statement of revenue and expenditure, statement of changes in fund balances and statement of cash flow for the year then ended, and other explanatory notes.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Development Fund - CDF as of December 31, 2019, results of its operation and the cash flow for the years then ended in conformity with International Financial Reporting Standards.

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 Project financial report section of our report. We are independent of the Business in accordance with 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard and the internal controls that the management deems necessary to enable the preparation of financial statements without material misstatement due to fraud or error. For the financial statements preparation, management is responsible for assessing the company's ability to sustainability in the future, disclosing, as necessary, future sustainability issues and using the accounting continuity principle unless management intends to liquidate the Company or Interrupt the operation, or there is no other possible alternative than to do it. 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 total, 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 and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Organization'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 statements 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 Organization 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.



Armend Osa
Statutory Auditor
ACA – Audit & Consulting Associates
Pristina, Kosovo
April, 2020

Community Development Fund
Statement of Financial Position
For the year ended December 31, 2019

		As of December 31, 2019 (in EUR)	As of December 31, 2018 (in EUR)
ASSETS			
Non-current assets			
Property and equipment	4	23,840	29,800
Total non-current assets		<u>23,840</u>	<u>29,800</u>
Current assets			
Cash and bank balances	5	1,894,888	823,532
Total current assets		<u>1,894,888</u>	<u>823,532</u>
TOTAL ASSETS		<u>1,918,728</u>	<u>853,332</u>
LIABILITIES AND RESERVES			
Current liabilities			
Accounts payable and accrued expenses	6	7,166	-
Project Liabilities		-	19,591
Total current liabilities		<u>7,166</u>	<u>19,591</u>
FUNDS			
Funds Balance as of 31.12.2018		833,741	833,741
Funds Balance as of 31.12.2019	7	1,077,821	-
Total Funds		<u>1,911,562</u>	<u>833,741</u>
TOTAL LIABILITIES AND RESERVES		<u>1,918,728</u>	<u>853,332</u>

The financial statements have been signed on April, 2020 by:



Nermin Mahmuti
Executive Director





Sara Habipaj Polloshka
Finance Manager

The accompanying notes from 1 to 14 form an integral part of these financial statements

Community Development Fund
Statement of Revenue and Expenditures
For the year ended December 31, 2019

	Notes	Year ended December 31, 2019 (in EUR)	Year ended December 31, 2018 (in EUR)
Income			
Income from Donors	8	2,702,395	2,174,891
Release of deferred income		-	663,895
Total income		<u>2,702,395</u>	<u>2,838,786</u>
Expenditure			
Project Expenses	9	817,239	1,377,470
Staff salaries	10	459,849	521,727
Operating expenses	11	341,526	761,441
Depreciation Expenses	4	5,960	6,690
Total expenditure		<u>1,624,575</u>	<u>2,667,328</u>
Net (Deficit)/surplus for the year		<u><u>1,077,821</u></u>	<u><u>171,458</u></u>

The accompanying notes from 1 to 13 form an integral part of these financial statements

Community Development Fund
Statement of Changes in Net Assets
For the year ended December 31, 2019

	As of 31 December, 2019 (in EUR)
Opening balance as at January 1st, 2018	662,283
Net deficit/surplus for the year ended December 31, 2018	<u>171,458</u>
Balance as at December 31, 2018	833,741
Net deficit/surplus for the year ended December 31, 2019	1,077,821
Balance as at December 31, 2019	<u><u>1,911,562</u></u>

The accompanying notes from 1 to 13 form an integral part of these financial statements.

Community Development Fund
Statement of Cash Flow
For the year ended December 31, 2019

	Year ended December 31, 2019 (in EUR)
Cash flows from operating activities	
(Deficit)/surplus for the period	1,077,821
Adjustment for:	
Depreciation	-
Other Adjustments (last year's profit)	5,960.00
Change in deferred revenues	-
Change in payables	-
Change in other current liabilities	(12,425)
Net cash from operating activities	<u>1,071,356</u>
Cash flows from investing activities	
Acquisition of property and equipment	-
Net cash used in investing activities	<u>-</u>
Net increase in cash and cash equivalents	1,071,356
Cash and cash equivalents at 1 January	823,532
Cash and cash equivalents at 31 December	<u><u>1,894,888</u></u>

The accompanying notes from 1 to 13 form an integral part of these financial statements.

Community Development Fund
Statement of Cash Flow
For the year ended December 31, 2019

1. INTRODUCTION

The Community Development Fund (CDF) commenced its activities in November 1999, when it was established in partnership with the Soros Foundation/Open Society Institute. 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. Currently, CDF employs 41 staff members, and it has a list of over 200 consultants on stand-by, ready to be engaged at very short notice.

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.

Until now, CDF has managed a budget of over 70 million \$US financed by different donor organizations such as the World Bank, USAID, The Global Fund, EU, GCERF, Swiss Government, Dutch Government, British Government, Canadian Government, Austrian Development Agency, Kosovo Government, UNICEF, UNDP, SOROS, and Oxfam Novib.

Community Development Fund
Notes to the Financial Statements (Continued)
For the year ended December 31, 2019

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 Standards and Interpretations effective in the current period

Below are presented the amendments to the existing standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee which are effective for the current period:

Standard	Description	Effective date
IFRS 1	Annual Improvements to IFRS 2014–2016 Cycle	Beginning on or after January 2018
IAS 28	Annual Improvements to IFRS 2014–2016 Cycle	Beginning on or after January 2018
IFRS 15	Revenue from Contracts with Customers	Beginning on or after January 2018
IFRS 9	Financial Instruments	Beginning on or after January 2018
IAS 40	Transfers of Investment Property (Amendments to IAS 40)	Beginning on or after January 2018
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)	Beginning on or after January 2018
IFRS 2	Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	Beginning on or after January 2018
IFRS 16	Leases	Beginning on or after January 2019
IFRS 9	Prepayment Features with Negative Compensation (Amendments to IFRS 9)	Beginning on or after January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	Beginning on or after January 2019
IAS 12, IAS 23, IFRS 3 and IFRS 11	Annual Improvements to IFRS 2015-2017 Cycle	Beginning on or after January 2019
IAS 19	Plan Amendment, Curtailment or	Beginning on or after

Community Development Fund
Statement of Cash Flow
For the year ended December 31, 2019

	Settlement (Amendments to IAS 19)	January 2019
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2.2 Standards and interpretations in issue not yet effective

In these financial statements the following standards, revisions and interpretations were issue but are not yet applicable:

Standard	Description	Effective date
CF	Conceptual Framework for Financial Reporting	Beginning on or after January 2020
IFRS 3	Definition of a Business (Amendments to IFRS 3)	Beginning on or after January 2020
IAS 1 and IAS 8	Definition of Material (Amendments to IAS 1 and IAS 8)	Beginning on or after January 2020
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform	Beginning on or after January 2020
IFRS 17	Insurance Contracts	Beginning on or after January 2021
Practice Statement 2	Making Materiality Judgements	No effective date as non-mandatory guidance

The organization has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The entity anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements of the entity in the period of initial application.

Community Development Fund
Notes to the Financial Statements (Continued)
For the year ended December 31, 2019

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

Financial Statements are prepared for reporting purposes in accordance with applicable laws of Kosovo, and represent the entire picture of economic events that occurred in "CDF" during 2019.

3.2 Currency of presentation

The reporting currency of CDF is the European Union currency unit Euro ("EUR").

3.3 Significant accounting policies

A summary of the most significant accounting policies adopted in the preparation of the financial statements is presented below:

3.3.1 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are considered to be cash on hand and at banks and in operating accounts at banks with an original maturity of three months or less.

3.3.2 Revenue recognition

Revenues from grants are recognized as income on a straight-line basis over the period of the operation.

3.3.3 Expenses recognition

Expenses incurred for generation incomes are recognized in that period with the historical costs.

3.3.4 Taxation

CDF was established as a non-governmental organization, therefore it has responsibility and acts as an NGO according to the laws in force in Kosovo.

Community Development Fund
Notes to the Financial Statements (Continued)
For the year ended December 31, 2019

4. Property and equipment

	Office equipment	Vehicles	Total
COST			
As at 01 January 2017			
Additions/Dissposals for the year	40,539	13,120	53,659
At 31 December 2017	40,539.00	13,120.00	53,659
As at 01 January 2018			
Additions/Dissposals for the year	40,539.00	13,120.00	53,659
At 31 December 2018	-	29,800.00	29,800
As at 01 January 2019			
Additions/Dissposals for the year	40,539.00	42,920.00	83,459
At 31 December 2019	-	-	-
	-	42,920.00	42,920
ACUMULATED DEPRECIATION			
As at 01 January 2017			
Additions/Dissposals for the year	26,355.00	9,882.00	36,237
At 31 December 2017	8108	2624	10,732
As at 01 January 2018			
Additions/Dissposals for the year	34,463.00	12,506.00	46,969
At 31 December 2018	34,463.00	12,506.00	46,969
As at 01 January 2019			
Additions/Dissposals for the year	6,076.00	614.00	6,690
At 31 December 2019	40,539.00	13,120.00	53,659
As at 01 January 2019			
Additions/Dissposals for the year	-	13,120.00	13,120
At 31 December 2019	-	5,960.00	5,960
	-	19,080.00	19,080
Net carrying amount			
As at 31 December 2017			
As at 31 December 2018	6,076.00	614.00	6,690
As at 31 December 2019	-	29,800.00	29,800
	-	23,840.00	23,840

5. Cash and bank balances

	December 31, 2019 (in EUR)	December 31, 2018 (in EUR)
Cash at bank	1,894,733	823,261.00
Cash on hand	155	271
Total Cash and Bank Balances	1,894,888	823,532

Community Development Fund
Notes to the Financial Statements (Continued)
For the year ended December 31, 2019

6. ACCOUNTS PAYABLE

	December 31, 2019 (in EUR)	December 31, 2018 (in EUR)
Tax on salaries	3,162	-
Pension Contributions	4,005	-
Total Accounts Payable	<u><u>7,166</u></u>	<u><u>-</u></u>

7. FUND BALANCE

	December 31, 2019 (in EUR)	December 31, 2018 (in EUR)
Scaling up HIV prevention in Kosovo	49,233	171,569
Scaling up tuberculosis prevention in Kosovo	96,802	169,010
Advancing Kosovo Together -Local Solutions -	-	121,312
Extension of VIP Dinarica in the CBE Region Albania - Kosovo	54,308	105,952
Scaling up HIV prevention in Kosovo	34,801	73,785
Cost sharing	120,840	89,475
BRICK 1	3,732	50,846
BRICK 2	17,713	-
Advancing Kosovo Together -Local Solutions	-	25,545
Development and promotion of new Via Dinarica Routes in Kosovo	-	21,635
SIDA	1,529,525	
Lux Development	4,608	4,612
Total Fund Balance	<u><u>1,911,562</u></u>	<u><u>833,741</u></u>

Community Development Fund
Notes to the Financial Statements (Continued)
For the year ended December 31, 2019

8. INCOME FROM DONORS

	December 31, 2019 (in EUR)	December 31, 2018 (in EUR)
Global Fund - Scaling up HIV prevention in Kosovo	416,531	759,677
USAID-Advancing Kosovo Together -Local Solutions	-	369,149
Global Fund - Scaling up tuberculosis prevention in Kosovo	368,879	329,929
EU - Extension of VIP Dinarica in the CBE Region Albania - Kosovo	-	251,958
Global Community Engagement and Resilience Fund - BRICK 1	247,550	246,437
Global Community Engagement and Resilience Fund - BRICK 2	114,241	-
Ministry of Health - Scaling up HIV prevention in Kosovo	-	145,680
USAID-Advancing Kosovo Together -Local Solutions	-	50,281
Development and promotion of new Via Dinarica Roads	18,435	21,780
SIDA	1,531,045	-
GIZ	5,715	-
Total Incomes from Donors	<u>2,702,395</u>	<u>2,174,891</u>

9. PROJECT EXPENSES

	December 31, 2019 (in EUR)	December 31, 2018 (in EUR)
Scaling up HIV preventions in Kosovo	347,657	375,746
Advancing Kosovo Together - Local Solutions	-	323,259
Scaling up TB preventions in Kosovo	150,330	183,872
BRICK 1	204,446	155,884
BRICK 2	26,580	-
Scaling up HIV preventions in Kosovo	-	120,480
Extension of VIA Dinarica in the CBE Region in Albania - Kosovo	10,015	115,974
Advancing Kosovo Together	-	99,653
CDF Shared cost	1,761	2,457
Development and promotion of new Via Dinarica Routs in Kosovo	31,752	145
Ministry of Health - Scaling up HIV prevention in Kosovo	38,984	-
GIZ	5,715	-
Total Travel and Transportation Expenses	<u>817,239</u>	<u>1,377,470</u>

Community Development Fund
Notes to the Financial Statements (Continued)
For the year ended December 31, 2019

10. STAFF SALARIES

	December 31, 2019 (in EUR)	December 31, 2018 (in EUR)
Staff Salaries	459,849	521,727
Total Staff Salaries and Benefits	459,849	521,727

11. OPERATING COST

	December 31, 2019 (in EUR)	December 31, 2018 (in EUR)
Scaling up HIV preventions in Kosovo	114,139	248,846
Advancing Kosovo Together - Local Solutions	-	53,820
Scaling up tuberculosis preventions in Kosovo	168,507	445,886
BRICK 1	8,336	9,646
BRICK 2	7,733	-
Scaling up HIV preventions in Kosovo	-	16
VIA EU cross border	-	3,227
CDF Shared cost	30,079	-
Development and promotion of new Via Dinarica Routs in Kosovo	3,588	-
Extension of VIA Dinarica in the CBE Region in Albania - Kosovo	7,624	-
SIDA	1,520	-
Total Operating COST	341,526	761,441

Community Development Fund
Notes to the Financial Statements (Continued)
For the year ended December 31, 2019

12. RELATED PARTY DISCLOSURE

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

13. RISK MANAGEMENT

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. CDF is not exposed to credit risk in respect of Grant receivable from its Donors.

Interest rate risk

The CDF currently is not exposed to the interest rate risk.

Foreign exchange risk

CDF has not been exposed to international exchange risk as transactions occur in local currency.

Liquidity risk

Liquidity risk is defined as the risk when the maturity of assets and liabilities does not match. The CDF is committed monitor its liquidity on a periodic basis in order to manage its obligations as and when they shall become due.

Fair value of financial instruments

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.