



Community Development Fund

CDF

Independent Auditor's Report and Financial Statements
For the year ended 31 December 2016

Community Development Fund

CONTENTS

PAGE

AUDITOR'S REPORT

STATEMENT OF FINANCIAL POSITION 1

STATEMENT OF INCOME AND EXPENDITURES 2

STATEMENT OF CHANGES IN EQUITY 3

STATEMENT OF CASH FLOW 4

NOTES TO THE FINANCIAL STATEMENTS 5



INDEPENDENT AUDITORS' REPORT

To the Management of the Community Development Fund (CDF)

Opinion

We have audited the accompanying financial statements of Community Development Fund (CDF) , which comprise the financial position as of December 31, 2016, and the statement of revenue and expenditure, and cash flow statement 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 the organization as of December 31, 2016 and the results of its operation for the year 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 Financial Statements section of our report. We are independent of the Organization 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 audit 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 organization'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 Organization 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 Company'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 Company'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 Company 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.

Audit & Consulting Associates
 ACA – Audit & Consulting Associates
 Prishtine, Kosovo
 May 2017



COMMUNITY DEVELOPMENT FUND
Statement of Financial Position
For the year ended December 31, 2016

	Note	31 December 2016 (in EUR)	31 December 2015 (in EUR)
ASSETS			
Non-current Assets			
Property and Equipments	5	17,422	21,778
Total Non-Current Assets		17,422	21,778
Current Assets			
Accounts Receivable		-	-
Other Receivables		-	-
Advances		-	-
Cash and cash equivalents	6	1,561,993	1,075,875
Total Current Assets		1,561,993	1,075,875
TOTAL ASSETS		1,579,415	1,097,653
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts Payable		-	-
Deferred Revenues		-	-
Liabilities to Donors	7	494,638	499,250
Total Current Liabilities		494,638	499,250
Equity			
Beginning balance		-	-
Surplus of Revenues over Expenses		598,403	501,807
Net (deficit)/surplus for the year		486,373	96,597
Total Equity		1,084,777	598,403
TOTAL LIABILITIES AND EQUITY		1,579,415	1,097,653

Financial Statements are signed in April 2017 by:

Nermin Mahmuti

Executive Director



Muharrem Hajredini


Finance Manager

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

COMMUNITY DEVELOPMENT FUND
Statement of Revenues and Expenditures
For the year ended December 31, 2016

		Year Ended 31 December 2016 (in EUR)	Year Ended 31 December 2015 (in EUR)
	Note		
Revenues			
Revenues	8	5,166,181	2,484,175
Total Revenues		5,166,181	2,484,175
Expenses			
Salary expenses	9	625,005	634,649
Operating expenses	10	697,921	590,776
Project expenses	11	3,352,526	1,162,153
Depreciation expense	5	4,356	
Total expenses		4,679,807	2,387,578
Surplus of Revenues over Expenses		486,373	96,597

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

COMMUNITY DEVELOPMENT FUND
Statement of Changes in Equity
For the year ended December 31, 2016

	Suficit/deficit held (in EUR)	Total Reserves (in EUR)
Beginning balance in 01 January 2015	501,807	501,807
Surplus of Revenues over Expenses as of 31 December 2015	<u>96,597</u>	<u>96,597</u>
Balance in 31 December 2015	598,403	598,403
Surplus of Revenues over Expenses as of 31 December 2016	<u>486,373</u>	<u>486,373</u>
Balance in 31 December 2016	<u><u>1,084,777</u></u>	<u><u>1,084,777</u></u>

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

Community Development Fund - CDF
Statement of Cash Flows
For the year ended 31 December 2016

	Year Ended 31 December 2016 (in EUR)
Cash flow from operating activities:	
(Deficit)/Suficit for the year	486,373
Adjusted for:	
Depreciation	4,356
Changes in receivables	-
Changes in advances	-
Changes in payables	-
Changes in other payables	-
Changes in deferred revenues	-
Changes in liabilities to donors	(4,612)
Net cash flow from operating activities	486,117
Cash flow from investing activities	
Property, Equipment purchases	-
Net cash flow from investing activities	-
Net increase in cash and cash equivalents	486,117
Cash and cash equivalents at 1 January 2016	1,075,875
Cash and cash equivalents at 31 December 2016	1,561,993

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

Community Development Fund - CDF
Notes to the Financial Statements
For the year ended 31 December 2016

1. HYRJE

The Community Development Fund (CDF) commenced its activities in November 1999, when it was established in partnership with the Soros Foundation/Open Society Institute. Later, on 8 October 2000, the CDF was registered as a local, non-profit NGO with Public Benefit Status to carry out a community development project through small-scale community investments, under a World Bank project.

Community Development Fund (CDF) is one of the first initiatives in post-conflict Kosovo, designed to help communities in rebuilding their shattered infrastructure and improving community services.

CDF was established as an appropriate tool for offering improvements of living standards in a participatory manner. Established in a post-conflict situation, CDF soon became one of the few active development programs that apart from improving basic services, also enhanced the local initiative and helped establish close links between the beneficiary communities and the municipalities.

CDF's activities are:

- Infrastructure works, especially in poor, conflict-affected and mountainous communities, where the CDF has developed the capacity to penetrate and engage communities in formulating relevant project proposals;
- Social service projects in response to priority needs of vulnerable and disadvantaged groups in Kosova;
- Institutional capacity building projects at the local level to ensure the sustainability of facilities constructed or rehabilitated and to improve social service delivery;
- Poverty alleviation and employment through offering grants, training and technical assistance to small and micro enterprises all over the country.
- Public health services

Community Development Fund - CDF
Notes to the Financial Statements - Continued
For the year ended 31 December 2016

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 5	Non-current Assets Held for Sale and Discontinued Operations-Changes in methods of disposal	beginning on or after 1 January 2016
IFRS 7	Financial Instruments: Disclosures-Servicing Contracts and Applicability of the offsetting disclosures to condensed interim financial statements	beginning on or after 1 January 2016
IFRS 14	Regulatory Deferral Accounts	beginning on or after 1 January 2016
Amendment to IFRS 10	Consolidated Financial Statements	beginning on or after 1 January 2016
Amendment to IFRS 11	Joint Arrangements	beginning on or after 1 January 2016
Amendment to IFRS 12	Disclosure of Interests in other Entities	beginning on or after 1 January 2016
Amendment to IAS 1	Presentation of Financial Statements	beginning on or after 1 January 2016
Amendment to IAS 16	Property, Plant and Equipment	beginning on or after 1 January 2016
Amendments to IAS 19	Employee Benefits	beginning on or after 1 January 2016
Amendment to IAS 27	Separate Financial Statements	beginning on or after 1 January 2016
Amendment to IAS 28	Investments in Associates and Joint Ventures	beginning on or after 1 January 2016
IAS 34	Interim Financial reporting-Disclosure of Information elsewhere in the interim financial report	beginning on or after 1 January 2016

Community Development Fund - CDF
Notes to the Financial Statements - Continued
For the year ended 31 December 2016

Amendment to IAS 38	Intangible Assets	beginning on or after 1 January 2016
Amendment to IAS 41	Agriculture-Bearer Plants	beginning on or after 1 January 2016
Amendment to different standards	Improvements to IFRS (2012-2014 Cycle)-resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to remove inconsistencies and clarifying wording	annual periods beginning on or after January 1, 2016
Amendment to different standards	Improvements to IFRS (2010-2012 Cycle) - The annual project resulting from improvements in quality of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to remove inconsistencies and clarifying wording	beginning on or after 1 July 2014
Amendment to different standards	Improvements to IFRS (2011-2013 Cycle)-resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to remove inconsistencies and clarifying wording	annual periods beginning on or after July 1, 2014

Community Development Fund - CDF
Notes to the Financial Statements - Continued
For the year ended 31 December 2016

2.2 Standards and interpretations in issue not yet effective

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

Standard	Description	Effective date
IFRS 2	Classification and Measurement of Share-based Payment transactions	beginning on or after 1 January 2018
IFRS 9	Financial Instruments	beginning on or after 1 January 2018
IFRS 15	Revenue from Contracts with Customers	beginning on or after 1 January 2017
IFRS 16	Leases	beginning on or after 1 January 2019
Amendment IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	beginning on or after 1 January 2017
Amendment IAS 7	Disclosure Initiative	beginning on or after 1 January 2017

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 - CDF
Notes to the Financial Statements - Continued
For the year ended 31 December 2016

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 that occurred in "CDF" during 2016.

Financial Statements are prepared on cash basis, based on which revenues and expenses are recognized at the time when either received or paid.

3.2 Currency of presentation

The reporting currency of CDF is the European Union currency unit Euro ("EUR"). Revenues are made in EUR and US Dollars.

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 bank and in operating accounts at bank with an original maturity of three months or less.

3.3.2 Revenue recognition

Revenues from grants are recognized as income on the period when received. At the end of the year the excess amount of revenues over expenses is treated as balance carried forward to the next period.

3.3.3 Expenses recognition

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

4. TAXATION

Community Development Fund is established as a nongovernmental organization, therefore has responsibility and operates as an NGO under applicable Kosovo Law no. 2009/03-L-134.

Community Development Fund - CDF
Notes to the Financial Statements - Continued
For the year ended 31 December 2016

5. PROPERTY AND EQUIPMENT

Fixed Assets of the Organization are computers, office equipment and vehicles. In the table below there is beginning balance, depreciation and remaining balance at the end of year.

	Office Equipment	Vehicles	Total
Cost			
At 1 January 2015	29,912	13,120	43,032
Additions	10,627		10,627
Disposals	-	-	-
At 31 December 2015	40,539	13,120	53,659
At 1 January 2016	40,539	13,120	53,659
Additions		-	-
Disposals	-	-	-
At 31 December 2016	40,539	13,120	53,659
Accumulated Depreciation			
At 1 January 2015	18,376	8,061	83,143
Depreciation for the year	4,433	1,012	5,444
Disposals	-	-	-
At 31 December 2015	22,809	9,073	88,587
At 1 January 2016	22,809	9,073	31,881
Depreciation for the year	3,546	809	4,356
Disposals	-	-	-
At 31 December 2016	26,355	9,882	36,237
Carrying amount			
At 31 December 2016	14,185	3,238	17,422
At 31 December 2015	17,731	4,047	21,778

Community Development Fund - CDF
Notes to the Financial Statements - Continued
For the year ended 31 December 2016

6. CASH AND CASH BALANCES

	31 December 2016
	(in EUR)
Cash on Hand	-
AKT-LS	468,234
AKT-LS Community funds	13,521
Tenders	921
CDF Reserves	49,346
HIV	334,462
TB	586,105
EU - QPP Ferizaj	2,927
Helvetas - Demos	4,110
Project VIP	86,216
Other accounts in TEB	7,028
Other accounts in PCB	9,123
Total of cash and cash equivalents	1,561,993

CDF has a total of 9 bank accounts in TEB bank and also 13 bank accounts in ProCredit Bank. One account is used for main activities of CDF, while other accounts are used for its projects. Main projects AKT-USAID uses 4 accounts, HIV and TB 1 account each. CDF has a total of 3 bank accounts in US Dollars which for reporting purposes are measured in Euros with exchange rate of 31 December 2016. 1 US Dollar was exchanging with 0.95034 Euros. CDF does not use cash in hand, hence the petty cash amount at the end of the year is zero.

7. LIABILITIES TO DONORS

Liabilities to donors are mainly funds that are not yet used but are expected to in future periods.

	31 December 2016
	(in EUR)
Liabilities to donors	494,638
Total of liabilities to donors	494,638

Community Development Fund - CDF
Notes to the Financial Statements - Continued
For the year ended 31 December 2016

8. REVENUES

Half of the CDF's revenues that are made during 2016 are received from AKT-USAID project. About 30% of other revenues represent global fund project HIV and TB, while 8% are revenues in form of in-kind contributions. The remaining revenues are related to smaller projects implemented during the year 2016. Further, we have presented CDF's revenues per project:

	Year Ended 31 December 2016 (in EUR)
CDF Reserve	32,761
Cross Border Community	20,000
Helvetas - Demos	86,223
Lux Development	32,760
European Commission - Ferizaj	245,873
TB	888,394
HIV	753,260
USAID	2,627,707
SME	68,328
Cost Share	228,538
Cost Share	3,248
In Kind	147,660
Contr. In kind CSO	31,430
Total revenues from grants	5,166,181

Community Development Fund - CDF
Notes to the Financial Statements - Continued
For the year ended 31 December 2016

9. HUMAN RESOURCES

Most of the staff is engaged in AKT, TB and HIV projects. Employees have other benefits such as health insurance. Taxes and contributions are transferred periodically and are paid from CDF main account.

	31 December 2016
	(in EUR)
USAID-AKT-LS	354,001
CDF RESERVE	(2,567)
UNIT-GF-PMU HIV	126,243
UNIT-GF-PMU-TB	104,140
European Commission	15,586
Helvetas	27,602
Total of salary expenses	625,005

10. OPERATING EXPENSES

	31 December 2016
	(in EUR)
USAID-AKT-LS	60,924
CDF RESERVE	(4,287)
UNIT-GF-PMU HIV	316,808
UNIT-GF-PMU-TB	308,151
European Commission	16,163
Helvetas	162
Total operating expenses	697,921

Community Development Fund - CDF
Notes to the Financial Statements - Continued
For the year ended 31 December 2016

11. PROJECT AND ACTIVITIES EXPENSES

	31 December 2016 (in EUR)
USAID-AKT-LS	1,891,315
Community-AKT-LS	482,780
Unit-GF-PMU HIV	412,422
Unit-GF-PMU-TB	151,772
European Commission	293,692
Helvetas	89,545
VIP Dinarika-EU Cross Border	31,000
Total project expenses	3,352,526

12. RELATED PARTY DISCLOSURES

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. Community Development Fund (CDF) is exposed to credit risk in respect of Grant receivable from its Donors.

Interest rate risk

Community Development Fund (CDF) currently is not exposed to interest rate risk.

Foreign exchange risk

Community Development Fund (CDF) is exposed to foreign exchange risk due to the fact that a portion of its revenues are received in US Dollars for the AKT project. Community Development Fund (CDF) does not speculate in or engage in the trading of derivative financial instruments.

Community Development Fund - CDF
Notes to the Financial Statements - Continued
For the year ended 31 December 2016

Liquidity risk

Liquidity risk is defined as the risk when the maturity of assets and liabilities does not match. Community Development Fund (CDF) has a good position regarding the liquidity and is committed to 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