



Community Development Fund

CDF

Independent Auditor's Report and Individual Financial Statements

For the year ended 31 Decembet 2017

Community Development Fund

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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 statement of financial position as at December 31, 2017, 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, 2017 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 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 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 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 Osaj
 Statutory Auditor
 ACA – Audit & Consulting Associates
 Prishtina, Kosovo
 March 2018

Community Development Fund - CDF
Statement of Financial Position
For the year ended December 31, 2017

	Note	31 December 2017 (in EUR)	31 December 2016 (in EUR)
ASSETS			
Non-current Assets			
Property and Equipements	5	6,691	17,422
Total Non-Current Assets		6,691	17,422
Current Assets			
Cash and cash equivalents	6	1,319,488	1,561,993
Total Current Assets		1,319,488	1,561,993
TOTAL ASSETS		1,326,178	1,579,415
LIABILITIES AND EQUITY			
Current Liabilities			
Deferred Revenues	7	663,895	494,638
Total Current Liabilities		663,895	494,638
Equity			
Surplus of Revenues over Expenses		1,084,777	598,403
Net (deficit)/suficit for the year		(422,494)	486,373
Total Equity		662,283	1,084,777
TOTAL LIABILITIES AND EQUITY		1,326,178	1,579,415

Financial Statements are signed in March 2018 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 - CDF
Statement of Revenues and Expenditures
For the year ended December 31, 2017

		Year Ended 31 December 2017 (in EUR)	Year Ended 31 December 2016 (in EUR)
	Note		
Revenues			
Revenues	8	4,500,204	5,166,181
Total Revenues		4,500,204	5,166,181
Expenses			
Salary expenses	9	652,496	625,005
Operating expenses	10	859,851	697,921
Project expenses	11	3,399,618	3,352,526
Depreciation expense	5	10,732	4,356
Total expenses		4,922,697	4,679,807
Surplus of Revenues over Expenses		<u>(422,494)</u>	<u>486,373</u>

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

Community Development Fund - CDF
Statement of Changes in Equity
For the year ended December 31, 2017

	Suficit/deficit held (in EUR)	Total Reserves (in EUR)
Beginning balance in 01 January 2016	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	1,084,777	1,084,777
Surplus of Revenues over Expenses as of December 2017	(422,494)	(422,494)
Balance in 31 December 2017	<u><u>662,283</u></u>	<u><u>662,283</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, 2017

	Year Ended 31 December 2017 (in EUR)	Year Ended 31 December 2016 (in EUR)
Cash flow from operating activities:		
(Deficit)/Suficit for the year	(422,494)	486,373
Adjusted for:		
Depreciation	10,732	4,356
Changes in receivables	-	-
Changes in advances	-	-
Changes in payables	-	-
Changes in other payables	-	-
Changes in deferred revenues	-	-
Changes in liabilities to donors	169,257	(4,612)
Net cash flow from operating activities	(242,505)	486,117
Cash flow from investing activities		
Property, Equipment purchases	-	-
Net cash flow from investing activities	-	-
Net increase in cash and cash equivalents	(242,505)	486,117
Cash and cash equivalents at 1 January	1,561,993	1,075,875
Cash and cash equivalents at 31 December	1,319,488	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 December 31, 2017

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. 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 with 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 municipalities.

The success of CDF is attributable to implementation of following types of high quality, and cost-effective projects. Our areas of 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
For the year ended December 31, 2017

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
Amendment to 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 2017
Amendment to IAS 1	Presentation of Financial Statements	beginning on or after 1 January 2016
Amendment to IAS 7	Disclosure Initiative	beginning on or after 1 January 2017
Amendment to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	beginning on or after 1 January 2017
Amendment to IAS 16	Property, Plant and Equipment	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
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

Community Development Fund - CDF

Notes to the Financial Statements

For the year ended December 31, 2017

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

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 1	Amendments resulting from <i>Annual Improvements 2014–2016 Cycle</i> (removing short-term exemptions)	beginning on or after 1 January 2018
IFRS 2	Classification and Measurement of Share-based Payment transactions	beginning on or after 1 January 2018
IFRS 3	Amendments resulting from <i>Annual Improvements 2015–2017 Cycle</i> (remeasurement of previously held interest)	beginning on or after 1 January 2019
IFRS 9	Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.	beginning on or after 1 January 2018
IFRS 9	Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	beginning on or after 1 January 2019

Community Development Fund - CDF
Notes to the Financial Statements
For the year ended December 31, 2017

IFRS 11	Amendments resulting from <i>Annual Improvements 2015–2017 Cycle</i> (remeasurement of previously held interest)	beginning on or after 1 January 2019
IFRS 15	Clarifications to IFRS 15	beginning on or after 1 January 2018
IFRS 16	Leases	beginning on or after 1 January 2019
IFRS 17	Original issue	beginning on or after 1 January 2021
IAS 12	Amendments resulting from <i>Annual Improvements 2015–2017 Cycle</i> (income tax consequences of dividends)	beginning on or after 1 January 2019
IAS 19	Amendments regarding plan amendments, curtailments or settlements	beginning on or after 1 January 2019
IAS 23	Amendments resulting from <i>Annual Improvements 2015–2017 Cycle</i> (borrowing costs eligible for capitalisation)	beginning on or after 1 January 2019
IAS 28	Amendments resulting from <i>Annual Improvements 2014–2016 Cycle</i> (clarifying certain fair value measurements)	beginning on or after 1 January 2018
IAS 28	Amendments regarding long-term interests in associates and joint ventures	beginning on or after 1 January 2019
IAS 40	Amendments to clarify transfers or property to, or from, investment property	beginning on or after 1 January 2018

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

For the year ended December 31, 2017

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 Community Development Fund during 2017. The financial statements are prepared on a cash basis, based on which the income and expenses are recognized at the time of receipt or payment of the expense.

3.2 Currency of presentation

The reporting currency of Community Development Fund 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 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 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 generation incomes are recognized in that period with the historical costs.

4. Taxation

Community Development Fund was established as a non-governmental organization, therefore it 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
For the year ended December 31, 2017

5. PROPERTY AND EQUIPMENT

Fixed Assets of the Organization consist of computers, office equipment and cars. The following table presents the initial value of these assets, their depreciation and their value at the end of the periods:

	Office Equipment	Vehicles	Total
Cost			
At 1 January 2016	40,539	13,120	53,659
Additions	-	-	-
Disposals	-	-	-
At 31 December 2016	40,539	13,120	53,659
At 1 January 2017	40,539	13,120	53,659
Additions	-	-	-
Disposals	-	-	-
At 31 December 2017	40,539	13,120	53,659
Accumulated Depreciation			
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
At 1 January 2017	26,355	9,882	36,237
Depreciation for the year	8,108	2,624	10,732
Disposals	-	-	-
At 31 December 2017	34,463	12,506	46,969
Carrying amount			
At 31 December 2017	6,077	614	6,691
At 31 December 2016	14,185	3,238	17,422

Community Development Fund - CDF
Notes to the Financial Statements
For the year ended December 31, 2017

6. CASH AND CASH BALANCES

	31 December 2017	31 December 2016
	(in EUR)	(in EUR)
Cash on Hand	-	-
AKT-LS	213,498	468,234
AKT-LS Community funds	189,462	13,521
Tenders	968	921
CDF Reserves	40,835	49,346
HIV	147,850	334,462
TB	573,322	586,105
EU - QPP Ferizaj	2,920	2,927
Helvetas - Demos	680	4,110
Project VIP	3,001	86,216
Other accounts in TEB	4,634	7,028
Other accounts in PCB	10,041	9,123
GCERF	85,869	-
Ministry of Health	46,408	-
Total of cash and cash equivalents	1,319,488	1,561,993

The Community Development Fund (CDF) has 12 accounts and sub-accounts in TEB bank, and 13 active accounts and sub-accounts in ProCredit Bank. One bank account is used for comprehensive CDF activities, while other accounts are used for projects. Major projects ACP-USAID uses 5 bank accounts, while HIV and TB projects from one account each. The CDF has four foreign currency accounts in USD, which for reporting purposes are calculated in Euro at exchange rates of 31 December 2017, where a dollar was exchanged for 0.8329 Euros. The CDF does not use cash, so the cash register 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 2017	31 December 2016
	(in EUR)	(in EUR)
Liabilities to donors	663,895	494,638
Total of liabilities to donors	663,895	494,638

Community Development Fund - CDF

Notes to the Financial Statements

For the year ended December 31, 2017

8. REVENUES

More than half of CDF's revenues during 2017 was received by the AKT-USAID project. About 26% of revenues represent the global HIV and TB project, while around 12% represent revenue in form of in-kind contributions. The remaining revenues are related to smaller projects implemented during the year. Below we present CDF revenues according to the projects:

	Year Ended 31 December 2017 (in EUR)	Year Ended 31 December 2016 (in EUR)
CDF Reserve	20,617	32,761
Cross Border Community	15,192	20,000
Helvetas - Demos	38,963	86,223
Lux Development	-	32,760
European Commission - Ferizaj	-	245,873
TB	522,799	888,394
HIV	677,254	753,260
USAID	2,501,657	2,627,707
SME	-	68,328
Cost Share	-	228,538
Cost Share	-	3,248
In Kind	538,765	147,660
Contr. In kind CSO	-	31,430
Project of health	77,868	-
G-cerf	107,090	-
Total revenues from grants	4,500,204	5,166,181

Community Development Fund - CDF
Notes to the Financial Statements
For the year ended December 31, 2017

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 2017	31 December 2016
	(in EUR)	(in EUR)
USAID-AKT-LS	344,793	354,001
CDF RESERVE	15,926	(2,567)
Unit-GF-PMU HIV	128,000	126,243
Unit-GF-PMU-TB	126,411	104,140
European Commission	21,748	15,586
Helvetas	-	27,602
GCERF	15,619	-
Total of salary expenses	652,496	625,005

10. OPERATING EXPENSES

	31 December 2017	31 December 2016
	(in EUR)	(in EUR)
USAID-AKT-LS	243,973	60,924
USAID-AKT-LS Community	45	-
CDF RESERVE	596	(4,287)
Unit-GF-PMU HIV	344,340	316,808
Unit-GF-PMU-TB	249,502	308,151
European Commission	21,355	16,163
Helvetas	40	162
Total operating expenses	859,851	697,921

Community Development Fund - CDF
Notes to the Financial Statements
For the year ended December 31, 2017

11. PROJECT AND ACTIVITIES EXPENSES

	31 December 2017	31 December 2016
	(in EUR)	(in EUR)
USAID-AKT-LS	2,137,604	1,891,315
Community-AKT-LS	557,206	482,780
Tenders	1,410	-
Unit-GF-PMU HIV	391,542	412,422
Unit-GF-PMU-TB	159,822	151,772
Ministry of Health	31,453	
European Commission	-	293,692
Helvetas	42,538	89,545
VIP Dinarika-EU Cross Border	72,440	31,000
Gcerf	5,602	3,352,526
Total project expenses	3,399,618	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 not exposed to credit risk in respect of Grant receivable from its Donors.

Interest rate risk

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

Foreign exchange risk

The Community Development Fund (CDF) is exposed to foreign exchange risk due to the fact that a portion of its revenues are received in US for AKT project. The 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
For the year ended December 31, 2017

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 approximates their fair values.