

Community Building Mitrovica

CBM

Independent Auditor's Report and financial statements
for the year ended December 31, 2012

COMMUNITY BUILDING MITROVICA

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INDEPENDENT AUDITORS' REPORT

To the Management of Community Building Mitrovica - CBM

We have audited the accompanying financial statements of Community Building Mitrovica - CBM, which comprise the balance sheet as at December 31, 2012, and the statement of revenue and expenditure, statement of changes in net assets and cash flow statement for the year then ended, and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Kosovo Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CBM as of December 31, 2012 and the results of its operation for the year then ended in conformity with accounting principals generally accepted in Kosovo.

Armend Osaj – Statutory Auditor
ACA – Audit & Consulting Associates
Prishtine, Kosovo
April 2013



COMMUNITY BUILDING MITROVICA - CBM
Balance Sheet
 For the year ended December 31, 2012

	Notes	31-Dec-12 (in EUR)	31-Dec-11 (in EUR)
ASSETS			
Non-current assets			
Property and equipment	3	7,084	9,445
Total non-current assets		7,084	9,445
Current assets			
Accounts receivable	4	40,025	45,992
Cash and bank balances	5	34,515	41,493
Other accounts receivable		4,078	-
Total current assets		78,618	87,485
TOTAL ASSETS		85,702	96,930
LIABILITIES AND RESERVES			
Current liabilities			
Accounts payable	6	10,878	13,879
Deferred revenues	7	46,459	-
Total current liabilities		57,337	13,879
Non-current liabilities			
Total non-current liabilities		-	-
Reserves			
Retained surplus		83,051	135,174
Excess of the income over expenses		-51,244	-52,123
Correction of initial balance		-3,441	-
Total reserves		28,365	83,051
TOTAL LIABILITIES AND RESERVES		85,702	96,930

The financial statements have been signed on April 26, 2013 by:

Afërdita Sylja

Executive Director



The accompanying notes from 1 to 15 form an integral part of these financial statements

COMMUNITY BUILDING MITROVICA - CBM
Statement of Revenue and expenditures
For the year ended December 31, 2012

		Year ended December 31, 2012 (in EUR)	Year ended December 31, 2011 (in EUR)
Income			
Contributions	8	456,891	910,035
Other Income		41,450	24,982
Total Income		498,340	935,017
Expenditure			
Program Costs	9	380,301	810,632
Core staff costs and benefits		54,780	16,644
Project staff (project managers)		6,444	54,993
Running Costs	10	85,091	83,684
Travel Costs	11	10,405	9,231
Other	12	10,202	9,595
Total project expenditure		547,224	984,779
Depreciation		2,361	2,361
Total expenditure with depreciation		549,585	987,140
Excess of the income over expenses		-51,244	-52,123

The accompanying notes from 1 to 15 form an integral part of these financial statements

COMMUNITY BUILDING MITROVICA - CBM
Statement of Changes in Net Assets
For the year ended December 31, 2012

Balance as at December 31, 2010	135,174
Excess of the income over expenses for the year ended December 31, 2011	-52,123
Balance as at December 31, 2011	<u>83,051</u>
Correction of initial balance on January 01, 2012	-3,441
Excess of the income over expenses for the year ended December 31, 2013	-51,244
Balance as at December 31, 2012	<u>28,365</u>

The accompanying notes from 1 to 15 form an integral part of these financial statements

COMMUNITY BUILDING MITROVICA - CBM
Statement of Cash Flows
For the year ended December 31, 2012

	Year ended December 31, 2012 (in EUR)	Year ended December 31, 2011 (in EUR)
Cash flows from operating activities		
(Deficit)/surplus for the year	-51,244	-52,123
Adjustment for:		
Depreciation	2,361	2,361
Change in receivables	5,968	-42,506
Change in payables	-3,001	-3,982
Change in other receivables	-4,078	-
Correction of initial balance	-3,441	-
Change in deferred revenue	46,459	-11,030
Net cash from operating activities	-6,978	-107,281
Cash flows from investing activities		
Acquisition of property and equipment	-	-
Net cash used in investing activities	-	-
Net increase in cash and cash equivalents	-6,978	-107,281
Cash and cash equivalents at 1 January	41,493	148,774
Cash and cash equivalents at 31 December	34,515	41,493

The accompanying notes from 1 to 15 form an integral part of these financial statements

COMMUNITY BUILDING MITROVICA - CBM
Notes to the Financial Statements
For the year ended December 31, 2012

1. INTRODUCTION

Community Building Mitrovica (CBM) is a local non-governmental organization (NGO) operating in the field of peace and community building in the wider region of Mitrovica in northern Kosovo. The overall aim of CBM is to facilitate contact and dialogue between citizens in the whole of Mitrovica municipality. CBM's staff consists of devoted citizens – both Serbs and Albanians – who grew up in this region and want to restore the previous confidence and even friendship that war and politics have destroyed.

By supporting many concrete projects which address the direct needs of the local communities, CBM contributes in a modest way to this aim. The work of the past years has gained the organization a strong reputation on both sides of the Ibar/Ibër. Fields in which CBM works are: media, culture, youth, women, minorities, dialogue, and return of refugees and IDPs (Internally displaced Persons). CBM's projects are open to members of all communities living in Mitrovica, and wider. CBM often cooperates with other NGOs, helps out with local initiatives and works with local governmental institutions and international organizations in order to initiate, to develop and to implement activities, for the benefit of the communities, in Mitrovica, and wider.

Vision of CBM

Mitrovica a safe, diverse place where accountable institutions, civil society and active citizens appreciate differences in a democratic culture.

Mission of CBM

CBM is an interethnic grassroots organization that identifies, encourages and facilitates joint actions of citizens in the Mitrovica region in order to promote cooperation, co-existence and democratic values.

COMMUNITY BUILDING MITROVICA - CBM
Notes to the Financial Statements (continued)
For the year ended December 31, 2012

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 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 "CBM" during 2012.

2.2 Currency of presentation

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

2.3 Significant accounting policies

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

2.3.1 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.

2.3.2 Account Receivables

The account receivables are recorded in the assets side of Balance sheet in the value as they are invoices, and they represent the amount due to CBM.

2.3.3 Revenue recognition

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

2.3.4 Expenses recognition

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

2.3.5 Taxation

The CBM was established as a non-profit organization with beneficiary status under Kosovo laws and regulations, therefore is exempted from corporate taxation on revenues generated and profits earned.

COMMUNITY BUILDING MITROVICA - CBM
Notes to the Financial Statements (continued)
For the year ended December 31, 2012

3. PROPERTY AND EQUIPMENT

	Land (in EUR)	Equipment (in EUR)	Total (in EUR)
Cost			
As of 1st January 2012	-	31,499	31,499
Additions	-	-	-
Disposals	-	-	-
As of 31st December 2012	-	31,499	31,499
Accumulated Depreciation			
As of 31st January 2012	-	22,054	22,054
Charge for the period	-	2,361	2,361
As of 31st December 2012	-	24,415	24,415
Net book value			
As of 31st December 2012	-	7,084	7,084
As of 31st December 2011	-	9,445	9,445

4. ACCOUNTS RECEIVABLE

	December 31, 2012 (in EUR)	December 31, 2011 (in EUR)
IKV PAX Christi the Netherlands	1,889	2,012
Mitrovica Rock School - Musicians Without Borders Nederland	3,966	12,017
Bridging the Divide - SPARK	24,404	31,238
Bridging the Divide - CRYM Own source revenues	1,000	
Woman Inovation - Athene Prosjektledelse	822	570
EULEX Kosovo	1,459	
Norwegian Helsinki Committee - Human rights School	6,422	
Employee Advances	63	155
Total Account Receivable	40,025	45,992

These are amounts spent but not yet received by donors.

COMMUNITY BUILDING MITROVICA - CBM
Notes to the Financial Statements (continued)
For the year ended December 31, 2012

5. CASH AND BANK BALANCES

	December 31, 2012 (in EUR)	December 31, 2011 (in EUR)
Cash in hand	-	-
Cash at banks	34,515	41,493
Total Cash and Bank Balances	34,515	41,493

During this period "CBM" had five bank accounts opened in Procredit Bank Kosovo. CBM does not do cash payments, hence does not have any cash balances.

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	December 31, 2012 (in EUR)	December 31, 2011 (in EUR)
AM Petrol Bajraktari	-	80
Bamex Sh.P.K.	-	-
Bislimi N.N.P.	3,913	-
Fatmir Bytyqi	1	928
CRYM Coalition	327	-
Elektro Kosmet Pristina RS	1,010	-
IPKO	-	10
KEK	708	645
Informatika N.P.	95	-
Kontaktori	-	50
KUR Mitrovica - Ujesjellsj regional	10	13
Loshi Company	-	2,656
Marconi C.O.	80	-
Miri Fotokopje	3	-
Melita & Partners	-	522
Mr. Xhevat Beka	47	-
Mr. Milan Kabasic	60	-
Ms. Majlinda Shipoli	102	-
Ms. Valdete Idrizi	1,283	-
Mozart D.P.T.	-	10
P.U.P Soco Security	-	480
ProMusic.KS N.T.P.	-	20
PTK	127	480

COMMUNITY BUILDING MITROVICA - CBM
Notes to the Financial Statements (continued)
For the year ended December 31, 2012

PTK - Vala	95	58
Roloplast NPPT	-	126
Rrota Sh.P.K.	-	920
Radio Ylberi	50	-
RTV Mir	249	-
Sefçet Adana	-	30
Sherifi Com N.T.P.	-	40
Smart Tech Shop D.Sh.	-	675
Telenor d.o.o.	-	29
Termomontimi N.P.T.	-	5,672
Uniteti Sh.A.	15	15
VGN Computers	-	300
Viva Pro Team doo - sur Viva	-	120
Tax administration and contribution	2,705	-
Total Account Payables	10,878	13,879

Accounts payable are expenses spent in 2012 and expenses related to unpaid payroll taxes. Accrued expenses present the utility expenses unpaid at the end of the year.

7. DEFERRED REVENUE

	December 31, 2012 (in EUR)	December 31, 2011 (in EUR)
Musicians Without Borders -Mitrovica Rock school	1,562	-
Caritas Luxembourg Fondation - Mitrovica Rock School	8,100	-
SOROS / KFOS - My needs, My decision	4,359	-
MOTT Foundation - Programmatic and institutional support 2012	16,386	-
US Embassy - Access Program	5,782	-
Netherlands Embassy - Supporting for CRYM	2,666	-
Other	7,605	-
Total Deferred revenues	46,459	-

Deferred Revenues are related to the funds received from donors, which are to be held in the next fiscal year.

COMMUNITY BUILDING MITROVICA - CBM
Notes to the Financial Statements (continued)
For the year ended December 31, 2012

8. Contributions / Incomes

	December 31, 2012 (in EUR)	December 31, 2011 (in EUR)
IKV PAX Christi The netherlands - Programatic and Institutional support	15,000	15,750
IKV Pax Christi The netherlands - Monitoring the local Institutions	15,519	2,245
IKV Pax Christi The netherlands - Remonstranten per HandiKos 2012	488	-
Royal Netherlands Embassy - Supporting CRYM	3,998	-
UN Habitat	350	-
MOTT Foundation - Programatic and institutional support	32,078	17,845
Musicians Without Borders - Rock school	80,224	46,299
Finish Embassy - Rock summer school (coofunding)	-	16,735
CARE International - Pro Peace Platform	-	1,935
CARE International - Mitrovica Youth Together for Human Rights	6,998	4,442
US Embassy - Access Program	7,661	-
FIQ (Forum për Iniciativë qytetare)	-	3,001
FIQ (Forum për Iniciativë qytetare) - campaign against fire arms	500	1,100
KFOS - Haifa Study Visit	-	2,080
KFOS - My needs, My decision	8,130	-
EIDHR in partnership with CARITAS Kosovo - Women together for human rights	4,506	15,425
Ministry of Foreign affairs The Netherlands - Bridging the divide	255,596	543,904
Mitrovica Municipality - Infrastructure upgrade withing Bridging the Divide project	5,008	90,000
Rokefeler Brothers Fund - Institutional and Programatic Upgrade	-	14,632
FOL - Karl Popper Debate	250	1,100
French Embassy - Donation	-	1,300
Norwegian Helsinki Committee - Human Rights School	13,236	49,101
OHCHR - Patients rights	-	4,870
Royal Netherlands Embassy - Drug Prevention Campaign	-	13,544
OSCE - Annual Breast Cancer Walk	-	250
CRLS - Istog project	300	-
CRLS - Initiative - ECO movement - International cleaning day	-	2,088
Athene Prosjektledelse - Business Garden Mitrovica	500	-
Athene Prosjektledelse - Women innovation	4,231	-
Ministria e Administrimit te Pushtetit Lokal - Kosovë	4,660	-
CSSP - Mediation Center	500	-
Drejtoria per Kulture, Rini dhe Sport - HandiKos	1,000	-
EULEX - Media Campaign	16,488	-
Deferred Incomes from previous year	-	11,031
Deferred Incomes of current year	(46,459)	-
CBM - other	26,128	-
Other	-	51,358
Total revenues	456,891	910,035

COMMUNITY BUILDING MITROVICA - CBM
Notes to the Financial Statements (continued)
For the year ended December 31, 2012

9. Other Contributions / Incomes

	December 31, 2012 (in EUR)	December 31, 2011 (in EUR)
CBM	5,460	11,125
USAID/AED - Mitrovica Rock school	-	1,676
Ambassade de France in Prishtina	-	1,300
Bridging the Divide - The Netherland government CRYM and MMAg own sources revenues	24,246	1,839
KDI election 2010	-	92
OHCHR Patients Rights	-	4,870
YADC - Training in Berlin	2,230	-
Mitrovica rock school	9,513	4,080
Total other incomes	41,450	24,982

10. Program Expenses

	December 31, 2012 (in EUR)	December 31, 2011 (in EUR)
Activities (projects)	241,757	689,882
Staff involved in project activities	138,545	120,751
Rent for project activities	-	-
Total program expenses	380,301	810,632

COMMUNITY BUILDING MITROVICA - CBM
Notes to the Financial Statements (continued)
For the year ended December 31, 2012

11. Running Costs

	December 31, 2012 (in EUR)	December 31, 2011 (in EUR)
Rent	58,584	39,489
Telecommunication	5,660	5,177
Supplies	3,414	3,425
Utilities	8,886	6,077
Maintenance	4,151	4,128
Vehicle expenses	-	235
Office Security	2,160	-
Bank Charge	961	-
Other (provision)	1,275	25,153
Total running costs	<u>85,091</u>	<u>83,684</u>

12. Travel costs

	December 31, 2012 (in EUR)	December 31, 2011 (in EUR)
International travel cost (Work visits-Conferences)	4,379	3,445
Local travel costs	6,027	5,786
Total travel costs	<u>10,405</u>	<u>9,231</u>

13. Other Costs

	December 31, 2012 (in EUR)	December 31, 2011 (in EUR)
Promotion and representation	395	1,000
Capacity Building - CBM staff retreat)	1,310	
Advertisement	454	
Audit costs	1,392	977
Contingency	1,688	
Other expenses	4,964	7,617
Total other costs	<u>10,202</u>	<u>9,595</u>

COMMUNITY BUILDING MITROVICA - CBM
Notes to the Financial Statements (continued)
For the year ended December 31, 2012

14. 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.

15. 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. CBM is not exposed to credit risk in respect of Grant receivable from its Donors.

Interest rate risk

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

Foreign exchange risk

The CBM is exposed to foreign exchange risk as transactions are undertaken both in local and foreign currency. Management monitors and sets limits on the level of such exposure by currency and in total. The CBM does not speculate in or engage in the trading of derivative financial instruments.

Liquidity risk

Liquidity risk is defined as the risk when the maturity of assets and liabilities does not match. The CBM 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.