

COMMUNITY BUILDING MITROVICA

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for the year ended December 31, 2010

COMMUNITY BUILDING MITROVICA



INDEPENDENT AUDIT REPORT

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We have audited the accounting books and records of Community Building Mitrovica (CBM), which comprise the Balance Sheet as at December 31, 2010, and the Statement of Revenue and Expenditure, statement of changes in net assets and cash flows statement for the year then ended, and

AUDITORS' REPORT

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Management is responsible for the preparation and fair presentation of these financial statements in accordance with the applicable financial reporting framework. This responsibility includes: designing, implementing and maintaining an adequate system of internal control; selecting and applying accounting policies that are reasonable in the circumstances; and making accounting estimates that are reasonable in the circumstances.

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Audit Responsibility: Our objective is to obtain reasonable assurance about whether the financial statements, taken as a whole, are free from material misstatement. 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, 2010 and the results of its operations for the year then ended in conformity with accounting practices generally accepted in Kosovo.

Armeda Osipović  
ACA - Audit Chamber of Kosovo  
Prishtine, Kosovo  
April 2011



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, 2010, 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, 2010 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 2011



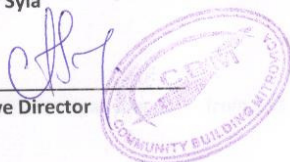
**COMMUNITY BUILDING MITROVICA - CBM**  
**Balance Sheet**  
For the year ended December 31, 2010

	Notes	31-Dec-10 (in EUR)	31-Dec-09 (in EUR)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	3	11,806	14,757
Total non-current assets		11,806	14,757
<b>Current assets</b>			
Accounts receivable	4	3,486	4,461
Cash and bank balances	5	148,774	27,330
Total current assets		152,260	31,792
<b>TOTAL ASSETS</b>		<b>164,066</b>	<b>46,549</b>
<b>LIABILITIES AND RESERVES</b>			
<b>Current liabilities</b>			
Accounts payable	6	17,861	2,613
Deferred revenues	7	11,030	27,254
Total current liabilities		28,891	29,867
<b>Non-current liabilities</b>			
Total non-current liabilities		-	-
<b>Reserves</b>			
Retained surplus		16,682	27,440
Excess of the income over expenses		118,492	-10,759
Total reserves		135,174	16,682
<b>TOTAL LIABILITIES AND RESERVES</b>		<b>164,065</b>	<b>46,548</b>

The financial statements have been signed on April 11, 2011 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, 2010**

		Year ended December 31,	Year ended December 31,
	Notes	2010 (in EUR)	2009 (in EUR)
<b>Income</b>			
Contributions	11	537,157	169,822
Other Income		-	-
<b>Total Income</b>		<b>537,157</b>	<b>169,822</b>
<b>Expenditure</b>			
Program Costs		297,620	82,723
Core staff costs and benefits		41,105	43,379
Project staff (project managers)		43,709	24,290
Running Costs	9	18,825	16,940
Travel Costs	8	8,124	5,711
Other	10	6,331	3,850
<b>Total project expenditure</b>		<b>415,714</b>	<b>176,893</b>
Depreciation		2,951	3,688
<b>Total expenditure with depreciation</b>		<b>418,665</b>	<b>180,581</b>
<b>Excess of the income over expenses</b>		<b>118,492</b>	<b>-10,759</b>

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, 2010**

	Year ended December 31, 2009 (in EUR)	Retained surplus (in EUR)	Year ended December 31, 2010 (in EUR)
Cash flows from operating activities			
Deficit in operating activities	118,492	10,759	
Adjustments:			
Depreciation	2,951	3,789	
Change in deferred tax asset	57	7,740	
Change in deferred income tax	15,24	61	
Net cash from operating activities	136,747	22,349	
Excess of the income over expenses for the year ended December 31, 2009		-10,759	
<b>Balance as at December 31, 2009</b>		<b>16,682</b>	
Excess of the income over expenses for the year ended December 31, 2010	118,492	118,492	4,228
<b>Balance as at December 31, 2010</b>		<b>135,174</b>	
Acquisition of property and equipment			
Net cash used in investing activities			
Net increase in cash and cash equivalents	136,747	22,349	4,228
Cash and cash equivalents at 1 January	77,330	11,000	11,000
Cash and cash equivalents at 31 December	214,077	33,349	15,228

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, 2010**

**1. INTRODUCTION**

	Year ended December 31, 2010 (in EUR)	Year ended December 31, 2009 (in EUR)
<b>Cash flows from operating activities</b>		
(Deficit)/surplus for the year	118,492	-10,759
Adjustment for:		
Depreciation	2,951	3,688
Change in receivables	975	-2,742
Change in payables	15,249	441
Change in deferred revenue	-16,224	14,100
<b>Net cash from operating activities</b>	<b>121,443</b>	<b>4,728</b>
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>121,443</b>	<b>4,728</b>
Cash and cash equivalents at 1 January	27,330	22,602
<b>Cash and cash equivalents at 31 December</b>	<b>148,773</b>	<b>27,330</b>

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, 2010**

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**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**1. INTRODUCTION**

**2.1 Basis of preparation**

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/Ibar. 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 place where accountable institutions and strong civil society cooperate in developing a democratic society, where there is an appreciation for diversity and opportunity for citizens to make choices.

**Mission of CBM**

Local organization that identifies and advances joint interests of citizens through facilitation of interethnic dialogue and advocacy, as well as strengthening civil society against accountable institutions.

Expenses incurred for generation of revenue are recognized in the period in which they are incurred, in that period with the historical costs.

**2.3.5 Taxation**

The CBM was established as a non-profit organization with beneficiary status under UNMIK regulations, therefore is exempted from income tax on revenues generated and profits earned.

**3. PROPERTY AND EQUIPMENT**

According to the voting membership all expenditures with the purchasing value less than EUR 1,000 are presented in statement of expenses and equipment, if, where they are not capitalized nor are depreciated.



**COMMUNITY BUILDING MITROVICA - CBM**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2010**

**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 2010.

**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 UNMIK regulations, therefore is exempted from corporate taxation on revenues generated and profits earned.

**3. PROPERTY AND EQUIPMENT**

According to the Kosovo legislation, all equipments with the purchasing value less than EUR 1,000 are presented in statement of revenue and expenditure. Therefore they are not capitalized nor are depreciated.

**COMMUNITY BUILDING MITROVICA - CBM**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2010**

4. ACCOUNTS RECEIVABLE	December 31, 2010 (in EUR)	December 31, 2009 (in EUR)
IKV PAX Christi NL	3,486.00	1775.79
Mitrovica Rock school -Musicians Without Borders NL	-	639.15
CARE International ProPeace Platform	-	750
OSCE project in Women's Center	-	996.5
OGI Nish/Nis Serbia- Dealing with the past- Truth telling	-	300
<b>Total Account Receivable</b>	<b><u>3,486</u></b>	<b><u>4,461</u></b>

These are amounts spent but not yet received by donors.

5. CASH AND BANK BALANCES	December 31, 2010 (in EUR)	December 31, 2009 (in EUR)
Cash in hand	-	76
Cash at banks	148,774	27,254
<b>Total Cash and Bank Balances</b>	<b><u>148,774</u></b>	<b><u>27,330</u></b>

During this period "CBM" has five bank accounts opened in Procredit Bank Kosovo.

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES	December 31, 2010 (in EUR)	December 31, 2009 (in EUR)
IKV PAX Christi The netherlands - Programatic and Institutional su	2431.82	-
Musicians Without Borders - Rock school	4878.98	-
USAID /AED - Rock school/coofunding	1836.35	-
MOTT foundation - Programatic and Institutional support	600	-
Balkan Trust for Democracy - Women network Mitrovica	799.3	-
UNDP - Cities in transition/coofunding	1281.65	-
KDI election 2010 / first round	1277.8	-
Ministry of Foreing Affairs / The Netherlands - Bridging the divide	291.5	-
UNIFEM- GBV(Gender Based Violence)	321	-
Electricity	518.79	410
Phone costs	123.03	329
Utilities - water and garbadge	15.35	17
Tax administration and contribution	2,986.06	1,640
Transport	499.50	216
<b>Total Account Payables</b>	<b><u>17,861</u></b>	<b><u>2,613</u></b>

**COMMUNITY BUILDING MITROVICA - CBM**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2010**

Accounts payable are expenses spent in 2011 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, 2010 (in EUR)	December 31, 2009 (in EUR)	December 31, 2010 (in EUR)	December 31, 2009 (in EUR)
Revenue	10,000.0	7,811		
Telecommunications	3,672.8	4,145		
Soroptimist Peace Prize 2009- Director Valdete Idrizi check 20.000 EUR	2,950.0	1,594.0	3,916.00	3,915.58
Musicians Without Borders - Rock school	1,052.1	2,242.9	1,676.19	4,301.42
USAID-AED Program, co-funding for Mitrovica Rock School		2,587.5	-	639.18
US Embassy Prishtina - Democracy Grant - Violence at schools "Zero Cool"		107.8	-	5,233.49
FIQ (Forum for citizens initiatives)		-	-	353.12
Care International - Pro Peace Platforme		16,293	810.00	-
Mercy Corps- Roma camps - Community Building Component		-	-	940.00
UNDP ABD - Mitrovica Breast Cancer Initiative		-	-	6,575.29
UNIFEM- Gender Based Violence - Women's Center		-	-	5,295.90
Other		-	4,628.00	-
<b>Total Deferred revenues</b>			<b>11,030.19</b>	<b>27,253.98</b>

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

**8. Travel Costs**

	December 31, 2010 (in EUR)	December 31, 2009 (in EUR)
International travel cost (Work visits-Conferences)	2,494	2,449
Local travel costs	5,630	3,262
<b>Total travel costs</b>	<b>8,124</b>	<b>5,711</b>

**9. Program Expenses**

	December 31, 2010 (in EUR)
Activities (projects)	191,138
Staff involved in project activities	86,304
Rent for project activities	20,177
<b>Total program expenses</b>	<b>297,620</b>

**COMMUNITY BUILDING MITROVICA - CBM**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2010**

**10. Running Costs**

	December 31, 2010 (in EUR)	December 31, 2009 (in EUR)
Rent	10,800.0	7,331.0
Telecommunication	3,622.8	3,145.7
Supplies	1,350.0	1,594.0
Utilities	3,052.1	2,242.9
Maintenance	-	2,518.5
Other (provision)	-	107.8
<b>Total running costs</b>	<b>18,825</b>	<b>16,940</b>

**11. Other Costs**

	December 31, 2010 (in EUR)	December 31, 2009 (in EUR)
Promotion and representation	827.19	1,330
Website training and maintance	-	700
Capacity Building - CBM staff retreat)	2,172	220
Transport and Accomodation	1,632	-
Advertisement	500	-
Audit costs	1,200	1,600
<b>Total other costs</b>	<b>6,331</b>	<b>3,850</b>

**COMMUNITY BUILDING MITROVICA - CBM**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2010**

**12. CONTRIBUTIONS**

	31 Dhejtor 2010 (në EUR)	31 Dhejtor 2009 (në EUR)
IKV PAX Christi The Netherlands - Programatic and Institutional support	31,371	40,000
IKV & PAX CHRISTI - Programatic and Institutional support 2009	1,776	-
IKV PAX Christi-Cities in transition conference	7,600	-
UNDP - Cities in transition conference	41,930	-
Mitrovica Municipality - Cities in transition conference	51,973	-
KCSF - Cities in transition conference	5,000	-
Cultural Heritage Without Borders - Mitrovica Forum/Cities in Transition	10,610	-
MOTT Foundation - Programatic and institutional support	19,330	-
Balkan Trust for Democracy - Women network Mitrovica	34,625	-
EYID-COMM (intercultural dialogue) - returned money from the conference (Director's participation as an expert)	-	939
Award "Women of courage 2007" - USA	-	-
Peace price 2009 - Soroptimist - for the Director Valdete Idrizi (cheque)	-	19,965
Musicians Without Borders - Rock school	29,569	42,344
USAID/AED - Rock school (coofunding)	19,342	6,372
Finish Embassy - Rock school (coofunding)	6,946	-
CARE International - Pro Peace Platform	3,180	510
Amerikan Embassy - Grants from Democracy program - Violence in schools "Zero Cool"	873	17,226
FIQ (Forum për Iniciativë qytetare)	3,632	1,445
FIQ (Forum për Iniciativë qytetare)	311	-
KFOS - Mitrovica Monitoring Team (MMT)	-	10,000
KFOS - Plan of Action/Integrating RAE community in Mitrovica municipality	9,990	-
EIDHR in partnership with KARITAS Kosovo - Women together for human rights	14,667	-
Ministry of Foreign affairs / The Netherlands - Bridging the divide	158,461	-
Misija Ljudih dobre Volje - Youth and local governance	8,516	-
Youth school for Human rights	9,193	-
KDI - election 2010 / first round	32,000	-
Ministria për Komunitete dhe Kthim Kosovë	-	4,000
Robert Bosch Stiftung - Balkan Anthology	5,495	-
ECO Education school - YEC	3,875	-
KFOS Ekipi Monitorues Mitrovicë (EMM)	10,000	-
UNIFEM - Gender Based Violence	6,583	6,878
OSCE - Debate	-	700
OSCE Women Center "Kodër të Minorëve"	997	5,576
DRC - Stabilizimi i Komuniteteve për minoritetin sërb	-	780
OGI/Nis - People and Memories / facing with the truth	300	420
Mercy Corps Roma Camps - Community Development component	-	1,692
SPARK - promotion of the international Biznis College	-	842
FES (friedrich Erbert Stiftung) supporting Mitrovica Forum	-	280
Gratë në të Zeza Haag Holandë - Përkrahje DJQ-së "Prehja" Skënderaj	-	2,970
EU-IPA	-	50
UNDP - Programi ABD - Iniciativa kundër Kancerit të Gjirit Mitrovicë	1,956	17,604
Zyra e Kryeministrit Kosovë - Departmenti për qështjet gjinore - Marshi, vetëdijësim për Kancerin e Gjirit në Mitrovicë	-	950
Fondacioni Keieserkinderen Bredë - Holandë	488	-
CRISP - Conflict simulation games, seminar	300	-
KDI - round table on election 2010	500	-
20 years undivided EUROPE? Visit Berlin/Bremen/Paris - reimburse tickets	1,650	-
Kosovo's accession to the global movement against climate change - CRLS leader	600	-
Initiative - ECO movement - International cleaning day - CRLS	725	-
TACSO	500	-
Të tjera	2,292	-
<b>Totali i të hyrat</b>	<b>537,157</b>	<b>181,542</b>

**COMMUNITY BUILDING MITROVICA - CBM**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2010**

**13. List of projects**

	December 31, 2010 (in EUR)	December 31, 2009 (in EUR)
IKV PAX Christi The netherlands - Programatic and Institutional support	32,425.18	41,934
IKV & PAX CHRISTI - Programatic and Institutional support 2009	432.00	-
IKV PAX Christi-Cities in transition conference	7,600.00	-
UNDP - Cities in transition conference	40,648	-
Mitrovica Municipality - Cities in transition conference	51,973	-
KCSF - Cities in transition conference	5,000	-
Cultural Heritage Without Borders - Mitrovica Forum/Cities in Transition	10,610	-
MOTT Foundation - Programatic and institutional support	12,717	-
Balkan Trust for Democracy - Women network Mitrovica	33,826	-
Soroptimist Prize Prize Director Valdete Idrizi- check	-	16,049
Musicians Without Borders - Rock school	27,090.29	38,043
USAID-AED program, co-funder of Mitrovica Rock School	19,800.14	5,733
Finish Embassy - co-funder of Mitrovica Rock School	6,946.00	-
CARE International	2,370.00	1,260
US Embassy Democracy Grants program - Violence at schools "Zero Cool"	5,233.49	11,992
FIQ (Forum for citizens initiatives)	3,984.86	1,092
FIQ (Forum for citizens initiatives)	254.96	-
KFOS -Mitrovica Monitoring Team (MMT)	-	15,327
KFOS - Plan of Action/Integrating RAE community in Mitrovica municipality	9,990.00	-
EIDHR in partnership with KARITAS Kosovo - Women together for human rights	14,757.00	-
Ministry of Foreing affairs / The Netherlands - Bridging the divide	36,393.35	-
Misija Ljudih dobre Volje - Youth and local governance	8,520.00	-
Youth school for Human rights	8,149.30	-
KDI - election 2010 / first ruond	31,323.56	-
Ministria për Komunitete dhe Kthim Kosovë	0.00	4,000
Robert Bosch Stiftung - Balkan Anthology	3,595.31	-
ECO Education school - YEC	4,255.20	-
KFOS -Mitrovica Monitoring Team (MMT)	9,342.56	-
UNIFEM gender based violence	11,558.18	1,582
OSCE debates	0.00	700
OSCE project in Women's Center in Miner's Hill	544.47	6,573
DRC	-	-
OGI Nis/Nish - Serbia- Dealing with the past -Truth telling	-	720
OGI Nis/Nish Serbia- Dealing with the past - Truth telling	-	1,750
Mercy Corps on roma camps- community building component	-	752
SPARK promotion of International Mitrovica Bussiness College	-	842
FES( friedrich Erbert Stiftung) support the Mitrovica Forum	-	280
Woman in Black Haag NL - support to Prehja Skenderaj/Srbica	-	4,140
EU-IPA	-	50
UNDP ABD Program -Mitrovica Breast Cancer Initiative	8,531.29	11,029
Kosovo Prime Minister's office-Department for gender issues- Breast Cancer	-	-
Awareness Walk in Mitrovica	-	950
Keieserkinderen Fondation Breda - Holand	488.00	-
CRISP - Conflict simulation games, seminar	-	-
KDI - round table on election 2010	400.00	-
20 years undivided EUROPE? Visit Berlin/Bremen/Paris - reimburse tickets	1,668.20	-
Initiative - ECO movement - International cleaning day - CRLS	725.00	-
TACSO	500.00	-
Citizens Initiative from Tuzla - BiH- dealing with the past	-	30
YIHR (Youth initiative for human rights)- Media Monitoring Project	-	842
UNDP- Youth project on human rights	-	3,088
Reserve fund	-	6,417
Reimbursement	-	1,719
Other	4,061.00	-
<b>Total projects costs</b>	<b>415,714</b>	<b>176,893</b>

**COMMUNITY BUILDING MITROVICA - CBM**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2010**

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**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 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.