

Community Building Mitrovica

CBM

Independent Auditor's Report and financial statements
for the year ended December 31, 2011

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, 2011, 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, 2011 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 2012

COMMUNITY BUILDING MITROVICA - CBM
Balance Sheet
For the year ended December 31, 2011

	Notes	31-Dec-11 (in EUR)	31-Dec-10 (in EUR)
ASSETS			
Non-current assets			
Property and equipment	3	9,445	11,806
Total non-current assets		9,445	11,806
Current assets			
Accounts receivable	4	45,992	3,486
Cash and bank balances	5	41,493	148,774
Total current assets		87,485	152,260
TOTAL ASSETS		96,930	164,066
LIABILITIES AND RESERVES			
Current liabilities			
Accounts payable	6	13,879	17,861
Deferred revenues	7	-	11,030
Total current liabilities		13,879	28,891
Non-current liabilities			
Total non-current liabilities		-	-
Reserves			
Retained surplus		135,174	16,682
Excess of the income over expenses		-52,123	118,492
Total reserves		83,051	135,174
TOTAL LIABILITIES AND RESERVES		96,930	164,066

The financial statements have been signed on April 26, 2012 by:

Afërdita Syla

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, 2011

		Year ended December 31,	Year ended December 31,
		2011 (in EUR)	2010 (in EUR)
	Notes		
Income			
Contributions	8	910,035	537,157
Other Income	9	24,982	-
Total Income		935,017	537,157
Expenditure			
Program Costs	10	810,632	297,620
Core staff costs and benefits		16,644	43,709
Project staff (project managers)		54,993	41,105
Running Costs	11	83,684	18,825
Travel Costs	12	9,231	8,124
Other	13	9,595	6,331
Total project expenditure		984,779	415,714
Depreciation		2,361	2,951
Total expenditure with depreciation		987,140	418,665
Excess of the income over expenses		-52,123	118,492

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, 2011

	Retained surplus (in EUR)
Balance as at December 31, 2009	16,682
Excess of the income over expenses for the year ended December 31, 2010	118,492
Balance as at December 31, 2010	<u>135,174</u>
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>

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, 2011

	Year ended December 31, 2011 (in EUR)	Year ended December 31, 2010 (in EUR)
Cash flows from operating activities		
(Deficit)/surplus for the year	-52,123	118,492
Adjustment for:		
Depreciation	2,361	2,951
Change in receivables	-42,506	975
Change in payables	-3,982	15,249
Change in deferred revenue	-11,030	-16,224
Net cash from operating activities	-107,281	121,444
Cash flows from investing activities		
Acquisition of property and equipment	-	-
Net cash used in investing activities	-	-
Net increase in cash and cash equivalents	-107,281	121,444
Cash and cash equivalents at 1 January	148,774	27,330
Cash and cash equivalents at 31 December	41,493	148,774

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, 2011

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. CBMs 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 Iber/Ibar. Fields in which CBM works are: media, culture, youth, women, minorities, dialogue, and return of refugees and IDPs (Internally displaced Persons). CBMs 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.

COMMUNITY BUILDING MITROVICA - CBM
Notes to the Financial Statements (continued)
For the year ended December 31, 2011

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 2011.

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, 2011

3. PROPERTY AND EQUIPMENT

	Land (in EUR)	Equipment (in EUR)	Total (in EUR)
Cost			
As of 1st January 2011	-	31,499	31,499
Additions	-	-	-
Disposals	-	-	-
As of 31st December 2011	-	31,499	31,499
Accumulated Depreciation			
As of 31st January 2011	-	19,693	19,693
Charge for the period	-	2,361	2,361
As of 31st December 2011	-	22,054	22,054
Net book value			
As of 31st December 2011	-	9,445	9,445
As of 31st December 2010	-	11,806	11,806

4. ACCOUNTS RECEIVABLE

	December 31, 2011 (in EUR)	December 31, 2010 (in EUR)
IKV PAX Christi NL	2,012	3,486
Mitrovica Rock School - Muzicentët Pa Kufij Holandë	12,017	-
Bridging the Divide	31,238	-
Woman Innovation	570	-
Employee Advances	155	-
Total Account Receivable	45,992	3,486

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, 2011

5. CASH AND BANK BALANCES

	December 31, 2011 (in EUR)	December 31, 2010 (in EUR)
Cash in hand	-	-
Cash at banks	41,493	148,774
Total Cash and Bank Balances	41,493	148,774

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

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	December 31, 2011 (in EUR)	December 31, 2010 (in EUR)
IKV PAX Christi The netherlands - Programatic and Institutional support		2431.82
Musicians Without Borders - Rock school	617.8	4878.98
USAID /AED - Rock school/coofunding		1836.35
MOTT foundation - Programatic and Institutional support	2124.92	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 Foreign Affairs / The Netherlands - Bridging the divide	10677.78	291.5
UNIFEM- GBV(Gender Based Violence)		321
Woman together for human rights	35	
Electricity	318.43	518.79
Phone costs	92.41	123.03
Utilities - water and garbage	13.04	15.35
Tax administration and contribution		2,986.06
Transport		499.50
Total Account Payables	13,879	17,861

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.

COMMUNITY BUILDING MITROVICA - CBM
Notes to the Financial Statements (continued)
For the year ended December 31, 2011

7. DEFERRED REVENUE

	December 31, 2011 (in EUR)	December 31, 2010 (in EUR)
Soroptimist Peace Prize 2009- Director Valdete Idrizi check 20.000 EUR		3,916
Musicians Without Borders - Rock school		1,676
Care International - Pro Peace Platforme		810
Mercy Corps- Roma camps - Community Building Component		-
UNDP ABD - Mitrovica Breast Cancer Initiative		-
UNIFEM- Gender Based Violence - Women's Center		-
Other		4,628
Total Deferred revenues	<u><u>-</u></u>	<u><u>11,030</u></u>

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, 2011

8. Contributions / Incomes

	December 31, 2011 (in EUR)	December 31, 2010 (in EUR)
IKV PAX Christi The netherlands - Programatic and Institutional support	15,750	31,371
IKV & PAX CHRISTI - Programatic and Institutional support 2009		1,776
IKV PAX Christi-Cities in transition conference		7,600
IKV Pax Christi-Monitoring the local Institutions - MMT	2,245	
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	17,845	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)		-
Award "Women of couradge 2007" - USA		-
Peace price 2009 - Soroptimist - for the Director Valdete Idrizi (cheque)		-
Musicians Without Borders - Rock school	46,299	29,569
USAID/AED - Rock school (coofunding)		19,342
Finish Embassy - Rock school (coofunding)	16,735	6,946
CARE International - Pro Peace Platform	1,935	3,180
CARE International - Mitrovica Youth Together for Human Rights	4,442	
Amerikan Embassy - Grants from Democracy program - Violence in schools "Zero Cool"		873
FIQ (Forum për Iniciativë qytetare)	3,001	3,632
FIQ (Forum për Iniciativë qytetare)	1,100	311
KFOS - Mitrovica Monitoring Team (MMT)		-
KFOS - Plan of Action/Integrating RAE community in Mitrovica municipality		9,990
KFOS - Haifa Study Visit	2,080	
EIDHR in partnership with KARITAS Kosovo - Women together for human rights	15,425	14,667
Ministry of Foreign affairs / The Netherlands - Bridging the divide	543,904	158,461
Mitrovica MunicipALITY - Infrastructure upgrade	90,000	
Rokefeler Brothers Fund - Institutional and Programatic Upgrade	14,632	
FOL - Karl Popper Debate	1,100	
French Embassy - Donation	1,300	
Misija Ljudih dobre Volje - Youth and local governance		8,516
Youth school for Human rights	49,101	9,193
OHCHR - Patients rights	4,870	
Royal Netherlands Embassy - Drug Prevention Campaign	13,544	
KDI - election 2010 / first ruond		32,000
Ministria për Komunitete dhe Kthim Kosovë		-
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
OSCE - Debate		-
OSCE Women Center "Kodër të Minatorëve"		997
DRC - Stabilizimi i Komuniteteve për minoritetin sërb		-
OSCE - Annual Breast Cancer Walk	250	
OGI/Nis - People and Memories / facing with the truth		300
Mercy Corps Roma Camps - Community Development component		-
SPARK - promotion of the international Biznis College		-
FES(friedrich Erbert Stiftung) supporting Mitrovica Forum		-
Gratë në të Zeza Haag Holandë - Përkrahje OJQ-së "Prehja" Skënderaj		-
EU-IPA		-
UNDP - Programi ABD - Iniciativa kundër Kancerit të Gjirit Mitrovicë		1,956
Zyra e Kryeministrit Kosovë - Departamenti për qështjet gjinore - Marshi, vetëdijësim për Kancerin e Gjirit në Mitrovicë		-
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'v accession to the global movement against climate change - CRLS leader		600
Initiative - ECO movement - International cleaning day - CRLS	2,088	725
TACSO		500
Te hyrat e shtyera nga 2010 - Deferred from 2010	11,031	
Të tjera	51,358	2,292
Total revenues	910,035	537,157

COMMUNITY BUILDING MITROVICA - CBM
Notes to the Financial Statements (continued)
For the year ended December 31, 2011

9. Other Contributions / Incomes

	December 31, 2011 (in EUR)	December 31, 2010 (in EUR)
CBM	11,125	-
AED	1,676	-
Ambassade de France in Prishtina	1,300	-
CRYM Own sources revenues	1,329	-
KDI election 2010	92	-
M-M@G Own sources revenues	510	-
OHCHR Patients Rights	4,870	-
Mitrovica rock school	4,080	-
Total other revenues	24,982	-

10. Program Expenses

	December 31, 2011 (in EUR)	December 31, 2010 (in EUR)
Activities (projects)	689,882	191,138
Staff involved in project activities	120,751	86,304
Rent for project activities	0	20,177
Total program expenses	810,632	297,620

11. Running Costs

	December 31, 2011 (in EUR)	December 31, 2010 (in EUR)
Rent	39,489	10,800.0
Telecommunication	5,177	3,622.8
Supplies	3,425	1,350.0
Utilities	6,077	3,052.1
Maintenance	4,128	-
Vehicle expenses	235	-
Other (provision)	25,153	-
Total running costs	83,684	18,825

COMMUNITY BUILDING MITROVICA - CBM
Notes to the Financial Statements (continued)
For the year ended December 31, 2011

12. Travel costs

	December 31, 2011 (in EUR)	December 31, 2010 (in EUR)
International travel cost (Work visits-Conferences)	3,445	2,494
Local travel costs	5,786	5,630
Total travel costs	9,231	8,124

13. Other Costs

	December 31, 2011 (in EUR)	December 31, 2010 (in EUR)
Promotion and representation	1,000.40	827
Capacity Building - CBM staff retreat)		2,172
Transport and Accommodation		1,632.00
Advertisement		500.00
Audit costs	977	1,200
Other	7,617	
Total other costs	9,595	6,331

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.

COMMUNITY BUILDING MITROVICA - CBM
Notes to the Financial Statements (continued)
For the year ended December 31, 2011

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.