

COMMUNITY BUILDING MITROVICA - CBM

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Community Building Mitrovica

## Community Building Mitrovica - CBM

Independent Auditor's Report and financial individual statements  
for the year ended December 31, 2017

**COMMUNITY BUILDING MITROVICA - CBM**



**INDEPENDENT AUDITORS' REPORT**

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**Auditor's Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under these standards are further explained in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Client 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 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 Standards 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, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, future liquidity issues and using the accounting consistently applicable unless management intends to liquidate the Company or interrupt the operation, or to seek other possible alternatives to do so. 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 it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement if 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.



## INDEPENDENT AUDITORS' REPORT

### To the Management of Community Building Mitrovica - CBM

#### **Opinion**

We have audited the accompanying financial statements of Community Building Mitrovica - CBM, which comprise the statement of financial position as at December 31, 2017, and the statement of revenue and expenditure, statement of changes in fund balances and statement of cash flow 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 Community Building Mitrovica - CBM as of December 31, 2017, results of its operation and the cash flow for the years 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 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 company'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**

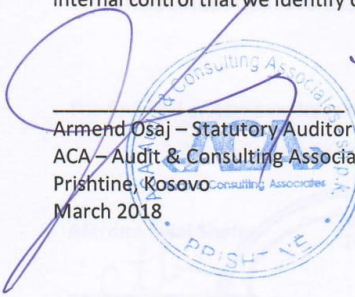
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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  
Pristine, Kosovo  
March 2018



**COMMUNITY BUILDING MITROVICA - CBM**  
**Statement of Financial Position**  
**For the year ended December 31, 2017**

	Notes	As of December 31, 2017 (in EUR)	As of December 31, 2016 (in EUR)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	4	231,084	68,022
Accounts Receivable	5	17,683	24,691
Total current assets		<u>248,767</u>	<u>92,713</u>
<b>TOTAL ASSETS</b>		<b><u>248,767</u></b>	<b><u>92,713</u></b>
<b>LIABILITIES AND RESERVES</b>			
<b>Current liabilities</b>			
Accounts payable	6	3,026	18,515
Deferred Revenues	7	216,403	44,860
Total current liabilities		<u>219,429</u>	<u>63,375</u>
<b>Reserves</b>			
Retained surplus		29,337	29,337
Net (deficit)/surplus for the year		-	-
Total reserves		<u>29,337</u>	<u>29,337</u>
<b>TOTAL LIABILITIES AND RESERVES</b>		<b><u>248,767</u></b>	<b><u>92,713</u></b>

The financial statements have been signed on March 2018 by:

Afërdita Sylaj Shehu

Executive Director



Besnik Uka

Finance manager

The accompanying notes from 1 to 16 form an integral part of these financial statements

**COMMUNITY BUILDING MITROVICA - CBM**  
**Statement of Revenue and Expenditures**  
**For the year ended December 31, 2017**

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	Notes	Year ended December 31, 2017 (in EUR)	Year ended December 31, 2016 (in EUR)
<b>Income</b>			
Incomes	8	252,898	560,347
<b>Total income</b>		<b>252,898</b>	<b>560,347</b>
<b>Expenditure</b>			
Expenses for activities	9	91,692	169,340
Staff salaries	10	42,070	29,857
Administrative Costs	11	26,736	32,685
Transport Costs	12	10,175	15,789
Other expenses	13	79,675	303,292
Indirect Costs	14	2,551	9,385
<b>Total expenditures</b>		<b>252,898</b>	<b>560,347</b>
<b>Net (Deficit)/surplus for the year</b>		<b>-</b>	<b>-</b>

The accompanying notes from 1 to 16 form an integral part of these financial statements



**COMMUNITY BUILDING MITROVICA - CBM**  
**Statement of Cash Flow**  
**For the year ended December 31, 2017**

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2. INTRODUCTION

	Year ended December 31, 2017 (in EUR)	Year ended December 31, 2016 (in EUR)
<b>Cash flows from operating activities</b>		
<b>(Deficit)/surplus for the period</b>	-	-
Adjustment for:		
Depreciation	-	-
Change in deferred revenue	171,543	(71,357)
Change in receivables	7,008	(24,517)
Change in payables	(15,489)	15,345
<b>Net cash from operating activities</b>	<u>163,062</u>	<u>(80,529)</u>
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment	-	-
<b>Net cash used in investing activities</b>	<u>-</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	<b>163,062</b>	<b>(80,529)</b>
Cash and cash equivalents at 1 January	68,022	146,933
<b>Cash and cash equivalents at 31 December</b>	<u><u>231,084</u></u>	<u><u>66,404</u></u>

The accompanying notes from 1 to 16 form an integral part of these financial statements

**COMMUNITY BUILDING MITROVICA - CBM**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2017**

**1. INTRODUCTION**

Community Building Mitrovica (CBM) is a local non-governmental organisation (NGO) operating in the field of peace and community building in the wider region of Mitrovica, northern municipalities of 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 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.

**Mission and Vision**

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, 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
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	beginning on or after 1 July 2014

**COMMUNITY BUILDING MITROVICA - CBM**  
**Notes to the Financial Statements (Continued)**  
**For the year ended December 31, 2017**

	inconsistencies and clarifying wording	
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 BUILDING MITROVICA - CBM**  
**Notes to the Financial Statements (Continued)**  
**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 BUILDING MITROVICA - CBM**  
**Notes to the Financial Statements (Continued)**  
**For the year ended December 31, 2017**

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**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 "CBM" during 2017.

**3.2 Currency of presentation**

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

**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 a straight-line basis over the period of the operation.

**3.3.3 Expenses recognition**

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

**3.3.4 Taxation**

CBM was established as a non-governmental organization, therefore it has responsibility and acts as an NGO according to the laws in force in Kosovo.

**COMMUNITY BUILDING MITROVICA - CBM**  
**Notes to the Financial Statements (Continued)**  
**For the year ended December 31, 2017**

**4. CASH AND BANK BALANCES**

	December 31, 2017 (in EUR)	December 31, 2016 (in EUR)
Cash at bank	231,084	68,022
<b>Total Cash and Bank Balances</b>	<b>231,084</b>	<b>68,022</b>

During 2017 CBM used the ProCredit Bank account for all entries and exits of the organization. At the end of 2017, this account had an amount of EUR 231,084.

**5. ACCOUNTS RECEIVABLE**

	December 31, 2017 (in EUR)	December 31, 2016 (in EUR)
Municipality of Mitrovica	9,229	19,229
D&G Solutions	7,963	5,403
Advances for employee	455	22
PAX for Peace	37	37
<b>Total accounts receivable</b>	<b>17,683</b>	<b>24,691</b>

**6. ACCOUNTS PAYABLE**

	December 31, 2017 (in EUR)	December 31, 2016 (in EUR)
Unpaid grants	2,600	2,600
Facebook	326	133
PTK	101	133
Initiative for the European Perspective	-	1,250
Fida Translation Bureau	-	2,082
Ko-Plan Consulting	-	8,784
Institute for Impact of Development	-	599
Umbrella P.R.N.Sh.	-	1,298
Hib Petrol	-	133
Others	-	72
<b>Total accounts payable</b>	<b>3,026</b>	<b>17,084</b>

**COMMUNITY BUILDING MITROVICA - CBM**  
**Notes to the Financial Statements (Continued)**  
For the year ended December 31, 2017

**7. DEFERRED REVENUES**

	December 31, 2017 (in EUR)	December 31, 2016 (in EUR)
Balance as at 01 January	44,860	116,217
Donation received during the year	424,441	488,991
Release to income during the year	(252,898)	(560,347)
<b>Total deferred revenues as at 31 December</b>	<b><u>216,403</u></b>	<b><u>44,860</u></b>

**8. INCOMES**

	Më 31 dhjetor 2017 (në EUR)	Më 31 dhjetor 2016 (në EUR)
PAX for Peace	202,615	60,321
The European Commission	56,286	339,154
MOTT Foundation	32,700	31,040
Embassy of the United States	32,442	31,643
Norwegian Embassy	25,168	18,162
CBM	24,060	-
US Peace Corps	23,111	-
Eulex	20,068	45,352
NCSC (D4J)	19,226	-
Civikos Platform	14,055	900
SOROS-KFOS	2,950	-
OJQ D&G Solutions	2,560	21,386
GAP Institute	1,380	1,000
Others	12,679	9,488
Municipality of Mitrovica South	-	19,229
CSSP Berlin	-	12,644
Mitrovica Rock School	-	215
OFAJ	-	8,282
BFPE Beograd	-	6,393
Deferred revenues	(216,404)	(44,860)
<b>Total Incomes</b>	<b><u>252,898</u></b>	<b><u>560,347</u></b>



**COMMUNITY BUILDING MITROVICA - CBM**  
**Notes to the Financial Statements (Continued)**  
**For the year ended December 31, 2017**

**9. EXPENSES FOR ACTIVITIES**

	December 31, 2017 (in EUR)	December 31, 2016 (in EUR)
Staff involved in project activities	62,916	114,532
D4J	10,375	-
Eulex media campaign	9,317	35,254
Unmik	5,327	-
Increasing Youth Civic E	996	-
Costs for books / materials	965	-
Other Activities (Projects)	826	200
Vote & Watch Campaign	750	-
English Language Program	220	-
Activist Lab Mitrovica	-	3,504
Access Program	-	13,300
Rent for activities	-	2,550
Build Bridges Not Walls	-	-
<b>Total travel expenses</b>	<b>91,692</b>	<b>169,340</b>

**10. STAFF SALARIES**

	December 31, 2017 (in EUR)	December 31, 2016 (in EUR)
Gross salaries	40,512	28,505
Pension Contributions	1,558	1,352
<b>Total staff salaries</b>	<b>42,070</b>	<b>29,857</b>

**11. ADMINISTRATIVE COSTS**

	December 31, 2017 (in EUR)	December 31, 2016 (in EUR)
Rent	9,231	14,131
Office materials	5,680	6,265
Utilities	4,881	6,844
Equipments	2,330	1,380
Vehicle Expenses	2,098	1,427
Phone Expenses	1,344	1,263
Bank Charges	728	610
Maintanance	444	765
<b>Total administrative costs</b>	<b>26,736</b>	<b>32,685</b>

**COMMUNITY BUILDING MITROVICA - CBM**  
**Notes to the Financial Statements (Continued)**  
**For the year ended December 31, 2017**

**12. TRANSPORT COSTS**

	December 31, 2017 (in EUR)	December 31, 2016 (in EUR)
Local travel expenses	6,237	7,930
international travel expenses	3,937	7,859
<b>Total transport costs</b>	<b>10,175</b>	<b>15,789</b>

**13. OTHER COSTS**

	December 31, 2017 (in EUR)	December 31, 2016 (in EUR)
Different trainings	20,398	7,687
Provision for development consultancy	14,717	2,000
Transportation and accommodation	12,752	2,328
Promotion and representation	12,598	12,663
Audit	5,100	4,130
Sub-grants	4,800	112,473
Other meetings	3,500	-
Visibility	2,800	2,640
Costs of conferences / seminars	1,113	5,955
Studies, research	999	12,942
Planning institutional capacity building	658	18,115
Translators, interpreters	184	7,351
Meetings to increase the number of organizations in MMT	57	416
Study visits to EU countries	-	1,903
Return visit to the countries of the region	-	12,500
Women monter	-	55,459
Fairs	-	13,100
Evaluation Costs	-	17,359
Monitoring local institutions	-	14,270
<b>Total other costs</b>	<b>79,675</b>	<b>303,292</b>

**14. INDIRECT COSTS**

	December 31, 2017 (in EUR)	December 31, 2016 (in EUR)
Indirect costs	2,551	9,386
<b>Total indirect costs</b>	<b>2,551</b>	<b>9,386</b>

**COMMUNITY BUILDING MITROVICA - CBM**  
**Notes to the Financial Statements (Continued)**  
**For the year ended December 31, 2017**

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**15. 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.

**16. 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***

CBM has not been exposed to international exchange risk as transactions occur in local currency.

***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.