

NGO "KYC"
INDEPENDENT AUDIT REPORT AND FINANCIAL STATEMENTS FOR THE END OF
THE YEAR
ON 31st of December 2018

July 2019

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INDEPENDENT AUDIT REPORT

For the management of the NGO "KYC"

The opinion

We have audited the financial statements of the NGO "KYC" Rr. Ulpiana U2 Prishtine, including the Statement of Financial Position as of December 31, 2018, the Statement of Comprehensive Income, the Statement of Variables in Equity and the Statement of Cash Flows for the end year, as well as a Summary of Accounting Policies and Other Explanatory Notes.

In our opinion. the financial statements of NGO are presented fairly, in all material matters, including the financial position of the NGO on 31st of December 2018 and its financial performance and cash flow for the year that ended in compliance with the International Financial Reporting Standards (IFRS).

Emphasis of the matter,

I. Accounting policies, estimates and errors are not disclosed as required with (IAS 8). The objective of IAS 8 is to provide criteria for selecting and changing accounting policies, accounting treatment and provision of explanatory information about changes in accounting policies, changes in estimates along with errors.

2. NGO "KYC" did not present the cashier's diary where the cash movements would be observed.

Basis for Opinion

We have performed the audit in accordance with International Standards on Auditing (ISA). Our responsibilities under these standards are further outlined in the section of the report on the Responsibilities of the Auditor for Auditing of Financial Statements. We are independent from the NGO in accordance with the Code of Ethics for Professional Accountants (IESBA Code), and have fulfilled other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence that we have provided is sufficient and appropriate to provide the basis for our opinion.

Responsibilities of the Management for Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and for internal controls that the manager deems necessary to enable the preparation of financial statements without material misstatement due to fraud or error. In preparing the financial statements, management is responsible for assessing the ability of the NGO for continuity in the future, disclosing, as necessary, issues related to future operations and the use of the principle of continuity of accounting, unless management intends to liquidate NGOs or interrupt the operation, or if there is no other alternative other than to do it. Those who are tasked with governance are responsible for overseeing the NGO financial reporting process.

Responsibilities of the Auditor for Auditing of Financial Statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free from material misstatement due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of security, but there is no guarantee that an audit conducted in accordance with ISAs will always disclose material errors whenever they exist. Errors may arise from fraud or error and are considered material if, individually or in total, they are reasonably expected to affect 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 during the audit. We also:

- Identify and assess the risk of material misstatement in the financial statements due to the fraud or error, design and perform appropriate audit procedures for these risks and receive sufficient audit evidence that are appropriate to provide the basis for our opinion. The risk of not detecting material errors resulting from fraud is higher than the one that results from the error, since fraud may include secret agreements, falsification, intentional misdemeanors, misinterpretations, or breaches of internal controls.
- We understand the internal audits relevant to auditing with the purpose of drafting audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the NGO.
- We evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates as well as relevant disclosures made by management.
- We conclude on the appropriateness of using the accounting continuity principle by the management, based on provided auditing evidence, whether a material uncertainty exists in relation to events or conditions that may cast considerable doubt on the ability of the NGO to continue further. If we come to the conclusion that a material uncertainty exists, we are obliged to draw attention in our audit report for relevant disclosures in the financial statements or, if such disclosures are inappropriate, we will modify our opinion. Our conclusions are based on the audit evidence obtained until the date of the audit report.
- We evaluate the presentation, structure and content of financial statements and explanatory notes and in case they represent transactions and events.

We have communicated with staff in charge of other issues, planned the approach and audit time, important audit findings, including any major deficiencies in the internal controls that we have identified during the audit.

NaserQerimi
Legal Auditor
02 July, 2019
Ferizja, Kosove
(Signature and official stamp)

1. GENERAL INFORMATION

NGO "KYC" is an NGO registered in department of the Ministry of Public Administration on 03/12/1999 according to Article 9 of Law no. 03 / L-134. For Freedom of Association in Non - Governmental Organizations in Republic of Kosovo with registration number 5100075/

7. NGO "KYC" is funded by various International Organizations and partly by the Municipality of Prishtina, which funds cover the expenditures for activities.

The main address of the Non-Governmental Organization "KYC" is:

St. Ulpiana U2 Prishtine.

The number of employees on 31 December 2018 is 30 (31 December 2017: 9).

Statement of Financial Position on 31.12.2018

ASSETS	Data	2018 Euro	2017 Euro
Short term Assets			
Cash and its equivalents	1	43,143	9,827
Total short term assets		43,143	9,827
Long term assets			
Investments in participation			
Investments in branch			
Long term financial investment	4		
Property, equipment and plants	4		
Investing Property			
Ongoing Investments			
Total long term assets		1,583	605
Total Assets		44, 725	10,432
DUTIES AND EQUITIES			
DUTIES			
Short term duties			
Banking overdrafts	5		
Payables towards taxes	6	1,582	605
Credits and loans, short term part	7		
Total short term duties		1,582	605
Long term duties			
Long term loans, long term part	8		
Total long term duties			
Total duties		1,582	605
EQUITY			
Share Capital	9		
Withheld funds		9,827	9,827
Fund of the year/loss of the year		33,316	(0)
Total Equity		43,143	9,827
Total Equity and Duties		44,725	10,432

Mr. KujtimSermahaj

The Income Statement and the Profit held for the year ending on 31.12.2018

	Data	2018 Euro	2017 Euro
Incomes from donations	10	86,977	67,267
The sale cost	11		
Profit/(loss) in gross		86,977	67,267
Other incomes			
The distribution expenditures			
Administrative-programing expenditures	12	53,661	67,267
Other expenditures			
Operational (loss) profit		33,316	(0)
Financial expenditures	13		
Financial incomes			
Profit (loss) prior to the tax		33,316	(0)
Expenditures of tax on profit	14		
Profit (loss) of the year		33,316	(0)
Fund(loss) hold at the onset of the year		9,827	9,827
Fund (loss) of the year		33,316	(0)
Other reserves			
Fund (loss) held at the end of the year		43,143	9,827

Mr. KujtimSermaxhaj

Statement of variables in equity for the year ending on 31.12.2018

	Share Capital Euros	Withheld Profits Euros	Total Euros
The status on 1st of January 2017	-	9,827	9,827
Fund(loss) of the year	-	-	-
Differences from currency transfers	-	-	-
Dividends	-	-	-
Deposits of additional capital	-	-	-
Allocation of reserves	-	-	-
Status on 31st of December 2017	-	9,827	9,827
Fund(loss) of the year	-	33,316	33,316
Differences from currency transfers		-	-
Dividends			-
Deposits of additional capital	-	-	-
Allocation of reserves	-	-	-
Status on 31st of December 2018	-	43,143	43,143

The statement of cash flow for the year ending on 31.12.2018

	Data	2018 Euro	2017 Euro
Cash flow from operational activities			
Fund (loss) of the year		33,316	(0)
Adjustments for items not in cash of expenditures and incomes			
Expropriation of property, equipment and plants			
Damage of property, equipment and plants			
Expenditures of tax in profit		33,316	(0)
Changes in assets and operational duties			
(Increase) deduction in the trade receivables and others			
(Increase) deduction in the trade payable accounts and others		977	
(Increase) (deduction) and other duties		977	
The paid tax at profit			
Paid interest			
Net Cash Flow from operational activities		34,293	(0)
Cash Flow from investment activities			
Payments for purchasing of property, equipment and plants		(978)	
Collections from the sale of property, equipment and plants			
Payments for purchasing of intangible properties			
Collected dividends			
Net Cash Flow from investment activities		(978)	
Cash Flow from financing activities			
Deposits of additional capital- returning of financial means			
Withdrawals from share holders			
Payments of Financial Leasing			
Net Cash Flow from Financing Activities			
Increase (Deduction) of net cash from cash equivalents		33,315	(0)
Cash and its equivalents at the onset of the year		9,827	9,827
Cash and its equivalents at the end of the year		43,143	9,827

Mr. KujtimSermaxhaj

2. OBJECTIVES OF AUDITING

The purpose of the audit was to carry out all the procedures, tests and discussions with the board of directors and the management of this entity in relation to the internal control function, in order to be able to give our opinion on the Financial Statements prepared by NGO "KYC", which include the period from 01.01.2018 to 31.12.2018, without excluding the events that occurred after the preparation of the Financial Statements up to the date of providing this Opinion.

3. THE SCOPE AND METHODOLOGY OF AUDITING

During the performance of the audit, given that we had an appropriate approach to all financial documentation, as well as many discussions with the board of directors and the staff of this NGO, we have managed to sufficiently familiarize with the work procedures in this organization.

During this audit, the essential procedures and tests have been implemented, by focusing mainly in the following matters;

- Evaluation of the quality of internal control

-Inclusion of Incomes

-Inclusion of expenditures

It is an evaluation of the Auditor that the Internal Audit in the NGO "KYC" is at a desirable level. Such conclusion was achieved based on the following data:

In the NGO "KYC" manages the management council, taking care that even the misuse should be avoided to a minimum.

* The most part of the financial transactions is carried out through bank accounts in BKT.

4. Basis of preparation and summary of policies applied in accounting

The Financial Statements of the NGO "KYC" with address at str" Ulpiana U2 Prishtine for 2018 have been compiled in accordance with the International Financial Reporting Standards. In this case the business has presented the following:

- Statement of financial position,
- A comprehensive statement of incomes and expenditures,
- Cash flow statement and withheld profit,
- Disclosures.

There was no specific difficulty in the compilation of these statements, and all financial transactions have been recorded.

5. Presentation of Financial Statements

The NGO Financial Statements are presented in full numerical value and in the currency that is in use in the Republic of Kosovo (EUR).

6. Drafting of Financial Statements

The Financial Statements of NGO "KYC", with address at Rr. Ulpiana U2 Prishtine, for the year 2018 have been compiled in accordance with the International Financial Reporting Standards. In certain cases, the NGO has adapted its accounting with the current tax regulations and NGO action regulations in the Republic of Kosovo.

10. Incomes from Donations	On 31 December 2018/Euro	On 31st of December 2017/Euro
DSP		16,947
CEL		2,970
D4D		1,400
GiLZ 1		12,163
GIZ 2		8,140
OBESSU Camp		2,500
SHL		2,982
SOLIDAR		20,165
Union of European Football Associations (UEFA)	49,845	
SHL	2,974	
The Deutsche Gesellschaft fur InternationalZusam GIZ	10,832	
Community Development Fund (CDF)	5,660	
Innovation Centre Kosovo (ICK)	1,170	
The Organizing Bureau of European School Student Unions (OBESSU)	7,448	
Municipality of Prishtina	4,000	
Save the Children of Kosovo	5,048	
Total;	86,977	67,267

7. Summary of the accounting policies

The Organization has an accounting plan which serves for keeping the records of all financial transactions and other activities that are performed by the organization.

- The accounting policies are based on the accrual principle of registrations

8. Foreign currency

NGO" KYC" with address at "Ulpiana U2 Prishtina, during 2018 did not have financial transactions in foreign currency.

9. Turnover Assets

9.1. Cash

Cash is presented in the amount of; 43,143 EURO, and has the following structure;

1. Cash and its equivalents	On 31st December 2018 Euro	On 31st of December 2017 Euro
Cash in BKT	11,927	4,697
Cash in BKT	263	
Cash in BKT	523	
Cash in the Economic Bank	30,429	5,130
Total;	43,143	9,827

10. DUTIES

The outstanding duties were reported in statements by the NGO "KYC"

6. Payable accounts against taxes	On 31st December 2018 Euro	On 31st of December 2017 Euro
Payables towards providers	-	
Duties towards contributions	853	372
Duties towards taxes in salaries	716	221
Duties towards taxes in rent	13	13
Total;	1,582	605

10.1. Risk Management

It is our opinion that the NGO "KYC", and its professional staff has managed to manage the funds - donations and that they were spent according to the projects and according to the dedicated destination.

- All revenues from donations, which are invoiced in the account of NGO "KYC" in bank accounts in BKT and Economic Bank were identified
- All the above expenses are related to the activity of NGO, such as organizing various tours and other activities in the domain of registered activity of the NGO"KYC".
- In transportation costs are included, expenses incurred during the transporting of activists, then participation in conferences, symposium, etc.

11. THE RISK OF LIQUIDATION

During 2018, the NGO "KYC" has managed to maintain the liquidity by spending all received donations as well as their distribution and expenditure according to planning and program projects, for which it has been established.

12. Administrative Expenditures	On 31 December 2018/Euro	On 31st of December 2017/Euro
Administrative Expenditures include;		
Salary Expenditures	22,237	36,620
Programing Expenditures- Activities	4,140	19,842
Training Expenditures	9,193	
Rent Expenditures	1,980	2,420
Office Expenditures	420	756
Transport Expenditures and others	3,575	
Derivate Expenditures		3,480
Travel Expenditures		2,260
Telephone and Internet Expenditures		896
Expenditures for trainings		258
Expenditures for inventory-maintenance		455
Expenditures of banking provisions		281
Other Operative Expenditures	3,164	
Expenditures of halls , food, drinks etc.	8,952	
Total;	53,661	67,267

12. TAXES

12.1. Taxes in added value

THE RISK OF LIQUIDITY

During the year 2018, the NGO "KYC" is not a profit business organization and for this reason is not a subject of the VAT obligation, without having the right also of VAT reimbursement.

13.2. Taxes and pension contribution

The NGO has presented 1 Employee in the pay roll list, which was involved as member of federation, including also the persons which are occasionally engaged in NGO activities.

I, the undersigned, **Labinot DEHARI**, **Legal Interpreter/Translator authorized by the District Court in Pristina**, with decision No; **6/2006**, verify the accuracy and the authenticity of the Translation from **Albanian to English language**.

In witness whereof, I have put my signature and official stamp on **29.07. 2019** in Pristina. **Translation Company "MAGNUS"**, in Pristina **Contact number; +383 44 186405**

 **Magnus**