

Kosova Education Center

Financial Statement and Independent Audit Report

31 December 2016

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Report of an Independent Audit

Kosova Education Board-KEC, Prishtinë

Opinion

We have audited financial statements of NGO Kosova Education Center (below as "KEC") which consists of review of financial positioning as of Dec 31, 2016, all-inclusive income statements and review of changes in capital and cash flow analysis for this fiscal year and notes on financial statements including a summary of most important accounting policies. Based on our opinion, financial statements attached make true presentation of all materials aspects, financial positioning of the NGO dated 31 December, 2016 and financial performance and cash flow for the fiscal year according to the International Standards of Financial Reporting (ISFR).

Opinion Base

We have completed the auditing in accordance with International Auditing Standards (IAS). Our responsibility based on these standards are described in more detail in the section of the report where Auditor Responsibilities on Auditing Financial Statements are presented. We are independent of the NGO in accordance with ethical requests that are implemented for financial statements in Kosovo and we have fulfilled all our ethical responsibilities in accordance with requirements. We believe that the auditing evidence that we have secured is sufficient and reliable to offer a base for our opinion.

Other information from the Financial Statement and Auditor Report

The management is responsible for other information. Our opinion on financial statements does not cover other information and we do not declare any conclusion relation to these other information.

In relation to auditing of the financial statements we have responsibility to read other information and evaluate if these information have material coherence with financial statement or the knowledge gained during auditing or otherwise they consist of material anomalies. If, based on our work we come to a conclusion that there are material anomalies we have to report such a fact. We have nothing to report on relation to this.

Management responsibilities in governance with financial statements

The management is responsible for the preparation and true presentation of the financial statements in compliance with the ISFS and for internal control. The management acknowledges this as necessary for preparation of financial statements that do not have material anomalies due to fraud or error.

In preparation of the financial statements management is responsible to evaluate the organization continuity by providing information, if applicable for issue that have to do with continuity and by using accounting principles if there is no other alternatives. Those who are responsible for governance are responsible for overseeing the financial reporting of the organization.

Auditor's Responsibility on Auditing Financial Statements

Our objective is to ensure a reasonable certainty related to the fact that financial statements have no material anomalies due to fraud or error and release an auditing report that includes our opinion. Reasonable certainty is a high level security but it is not a guarantee that the auditing according to IAS will identify material anomalies when present.

Anomalies can happen as a result of error, fraud and are considered material if individually or jointly influence economic decision making of the users based on the financial statements.

As a part of auditing in compliance with IAS we act based on professional judgement and we are professionally skeptical during the auditing. We also:

- Identify and evaluate the risks of the material anomalies due to fraud or error and draft and implement auditing procedures as an to those risk and we gather auditing evidence that is sufficient and is appropriate to ensure a basis for our opinion. The danger of not discovering material anomalies as a result of fraud is higher than the risk of error because fraud can include hidden agreement, falsification and intentional exclusion, deformed information and avoidance of internal control.

- Secure knowledge on internal control that has to do with auditing in order to ensure that the auditing procedures are appropriate according to circumstances but not to give an opinion on appropriateness of the internal control effectiveness.

- Evaluate the appropriateness of accounting policies utilized and justifications made by Management.

- Conclude in relation to the appropriateness of the accounting policies on continuity and based on the evidence gathered during auditing if there is any material uncertainty with certain events or conditions which can put into question NGO work. If we come to a conclusion that there is uncertainty we bring that to attention in the auditing report in relation to the conclusion given in the financial statements or if these conclusions are not appropriate we have to modify our opinion. Our conclusions are based on the evidence gathered until the date of the report. However, future events and conditions can lead to the discontinuation of the organization activities.

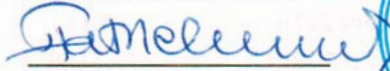
- Evaluate general presentation, structure and content of the financial statements including information given and if transactions and events show a real representation.

We communicate with responsible persons amongst others regarding the aim and time of the auditing and important audit findings including deficiencies in internal control that can be identified during auditing.

We also give responsible persons a declaration that we are in accordance with ethical requirements related to the independence and we communicate all issues that can impact our independence when applicable and when implementable.

From the communication we identify the most important issues for the auditing of the financial statements. We describe these issues in our report unless law or other rules inhibit that, or in extraordinary circumstances we decide to not communicate or report because of the public interest.

Fatmir Mehmeti – N.Sh. “ Etika”



Rr. “Haxhi Zeka” 40000 Prishtinë, Republika e Kosovës

28.03.2017

Income Statement and Used Funds for the period 01.01.2016 – 31.12.2016

	Notes	1 Jan 2016 - 31 Dec 2016 (in EUR)	1 Jan 2015 - 31 Dec 2015 (in EUR)
Funds			
Grant (Donation)	3.1	1,181,835	884,401
Income from School "Mileniumi i Tretë"	3.2	1,192,979	1,230,197
Other income	3.3		
Total Funds	3	2,374,814	2,114,598
Project expense			
Direct expense project	4	773,231	487,204
Personnel	5	927,282	919,033
Other operational expenses	6	128,509	122,468
Lease expense	7	294,022	326,257
Administrative expense	8	91,035	86,316
Furniture and technical equipment	9	97,434	106,478
Municipal public expenses		19,537	23,650
Depreciation expense	10	24,807	26,308
Promotion and marketing expenses		26,868	36,614
Other expenses		39,193	30,949
Total Project expenses		2,421,917	2,165,278
Funds balance from expenses		(47,103)	(50,679.69)
Adjusted costs for accrual reporting		(120,997)	(16,083)
Cash and deposits in the bank at beginning of the year		329,705	345,788
Cash and deposits in the bank at end of the year	11	208,708	329,705

Authorized by the management:

Dukagjin Pupovci

Executive Director

Nora Tafarshiku

Administrative Director

Balance sheet, on 31.12.2016

	Notes	31 Dec 2016	31 Dec 2015
		(EUR)	(EUR)
Assets			
Fixed assets			
Equipment	10	34,035	52,694
		34,035	52,694
Current Assets			
Cash and deposits in the bank	11	208,708	329,705
Accounts receivable		57,894	53,440
		266,602	383,145
TOTAL Assets		300,637	435,839
Liability and equity			
Equity			
Transferred funds		101,770	152,450
Equity and funds			
Funds balance/shortage		(47,103)	(50,680)
Total Equity		54,667	101,770
Liability			
Account payable		5,342	17,884
Unearned revenue		239,625	295,932
Other account payable		1,004	20,253
Total Liabilities		245,971	334,069
TOTAL equity and liability		300,637	435,839

Authorized by the management

Dukatir Pupovci

Executive Director

Nora Tafarshiku

Administrative Director