

S.E. "Audit & Accounting Viki" Pristine - Emërlah Hyseni Legal Licensed Auditor

Audit Report for KHCHS "Mother Teresa" Pristine for 2017

Audit Report

for

KHCHS* "Mother Teresa" Pristine

*The Kosova Humanitarian and Charitable Society (KHCHS)

Period: January – December 2017

Pristine

Februar 2018

For Management KHCHS "Mother Teresa"- Pristine

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For Management KHCHS "Mother Teresa"- Pristine

AUDIT REPORT

We have audited financial statements of KHCHS "Mother Teresa"-Pristine, which comprise the Balance Sheet of 31 December 2017, income statement and cash flow statement for the period **January-December 2017** and a summary of accounting policies and other notes disclosures included on pages 3 to 12.

The Management responsibilities for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Audit Standards (IAS) and the Kosovo Financial Reporting Standards (KFRS). This responsibility includes: designing, implementing and maintaining of internal control relevant to the preparation and fair presentation of financial statements that are free from errors and falsity, the application of appropriate policies and making evaluations that are acceptable in the circumstances.

We have fulfilled the audit in compliance with "International Standards of Auditing" (hereinafter "ISA") and International Accounting Standards (hereinafter "IAS"). Mentioned standards require that we plan and execute the audit in order to draw a reasonable assurance that the presented conditions in the Financial Statements did not have falsity or material errors.

This Audit is based on examination of evidences by testing all records of financial statements that are supported by value disclosure on financial statements. An audit includes important evaluations made by management and evaluation of accounting principles that have been implemented, also the overall evaluation of performance of the financial statements.

We believe that our audit provides a reasonable basis to give our opinion.

In making these risk evaluations, the auditor considers the internal control relevant to the preparation and fair presentation of financial statements of KHCHS "Mother Theresa" in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of showing an opinion on effectiveness of control of KHCHS "Mother Theresa".

We believe that our audit provides a reasonable basis to give our opinion.

The auditor's opinion

In our opinion, based on audit of financial statements to which we have referred to above, present fairly, in all material aspects, the financial position of KHCHS "Mother Theresa"-Pristine on 31.12.2017 and its financial performance, which are in accordance with International Financial Reporting Standards.

Pristine, February.2018

Emërllah Hyseni, Legal Auditor

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With contract Company "Audit and Accounting" with legal auditor Emërllah Hyseni has undertaken to perform an audit of Financial Statements of KHCHS "Mother Teresa" for **2017**.

We have audited the of KHCHS "Mother Teresa" in accordance with the terms of reference which are assigned to the engagement letter .

GENERAL INFORMATION

The Kosovo Humanitarian, Charitable Society "Mother Teresa" Pristine was established on 10 May 1990 and the humanitarian mission in Kosovo continued to exercise till today, based on humanitarian principles of charity, love, tolerance, justice, reconciliation and peace.

After the war, is registered next to the Ministry of Public Services on December 15, 1999, with registration number 5100002-1, and Fiscal number 600139001. The mission of the Society is to assist and social protect poor families and individuals, cultivating interethnic, interfaith and inter racial tolerance between people, with the aim of building sustainable peace.

Below I briefly introduce the principal accounting policies in the preparation of these financial statements:

2.1 Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared with a complete safety for approved donations and presentation of equipment to estimated amounts as is described further in this Note.

These statements are consistent with the assertion that the Society will continue the continuity of its operations. Operations of Society are dependent and supported by various donors within the country and foreign donors. The preparation of financial statements in conformity with IFRS requires the use of common critical accounting evaluations. They also require from management to exercise its judgment in the process of applying accounting policies. These evaluations are based on current knowledge and events and the best actions of management. Actual results will not differ from those estimated.

These financial statements are prepared for the year ended **December 31, 2017**. All data are expressed in euro. Comparative data reflect activity expressed in euro for the period **1 January 2017 to 31 December 2017**.



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TABLE BALANCE SHEET

Date 31.12.2017

Assets	Notes	Year 2016	Year 2017
Current Assets			
Cashbox device	6	0.00	0.00
Deposits in bank	6	67,353.59	286,332.86
Receivable accounts	5		
Stocks			
Prepaid expenses			
Total of current assets	4	67,353.59	286,332.86
Noncurrent assets			
Estates, plants and equipments(purchasing value)		7,980.20	6,384.16
Impairment of estates, plants and equipments		(1,596.04)	(1,276.80)
Data assets in leasing			
Long-term investments			
Termed deposits			
Total of noncurrent assets		6,384.16	5,107.36
TOTAL OF ASSETS		73,737.75	291,440.22
Liabilities			
Current liabilities			
Bank overdrafts			
Donations		65,757.55	283,460.02
Donations in fixed assets			
Current part for capital leasing			
Payable dividends			
Income tax payable			
Total of current liabilities			
Equity			
Previous-forwarded found		7,980.20	7,980.20
Nett Incomes			
Total of found		7,980.20	7,980.20
TOTAL OF LIABILITIES		73,737.75	291,440.22

Zef Shala, Executive Director



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Statement of income for the year ended December 31, 2017

	Notes	Year 2016	Year 2017
Incomes from the sale			
Reduction for: Reductions in Sales			
Incomes from contributions-Donations		402,983.55	634,362.65
Nett incomes from the sale			
COSTS OF SOLD GOODS			
Gross profit		402,983.55	634,362.65
Operating costs			
Expenses of programs-Donations		352,843.55	577,043.94
Salaries and fees		50,140.00	57,318.71
Commissions			
Advertising costs			
Expenses of selling supplies			
Impairment of inventory and equipment			
General and administrative costs			
Salaries and fees			
Expenses of bad debts			
Office supply costs			
Impairment of inventory and equipment of the offices			
Impairment of the building			
Insurance costs			
Utilities (PTT,EN,EL)			
Total of the operating costs and general costs		402,983.55	634,362.65
Operating incomes			
Other incomes			
From Dividend			
From Interest			
Other expenses			
Interest expenses			
Tax expense in profit			
Nett incomes		0.00	0.00

Signed by: Zef Shala, Executive Director



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Statement of cash flow

Name	Year 2017
Cash flows from operating activities	
Cash acceptance by donors	
Money paid to creditors and employees	
Paid interest	
tax in profit payable	
Nett cash from operating activities	
Cash flow from intensive activity	
Purchase of property, plant and equipments	
Result from the sale of fixed assets	
Accepted interest	
Accepted dividend	
Nett money from intensive activities	
Cash flow from financing activity	634,362.65
Incomes- donation	634,362.65
Deferred incomes	
Expenses- donation	577,043.94
Paid dividend	
Nett money from financing activities	286,332.86
Increase-Deduction Nett cash	218,979.27
Cash at begging of the period	67,353.59
Cash at the end of the period	286,332.86

Signed by: Zef Shala, Executive Director



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Notes of the financial statements

1. Adoption of new and revised Standards

In the Current year, the Company has adopted new and revised standards and interpretations issued by the Accounting Standards Board of Kosovo (ASBK) that are relevant to the activity effective for annual reporting periods starting from **1 January 2017**. Adoption of these new and revised Standards and Interpretations did not affect the changes in the results of the Society's financial statements.

2.1 Property, plant and equipment

Items of property, plant and existed equipment on **January 1, 2017** have been transferred from the balance of **2016**. All property, plant and other equipment are presented in the estimated cost of the intern committee for registration and evaluation without calculating annual impairment and not accumulated impairment presentation.

2.2 Financial assets

The Society classifies its financial assets in the following categories: at fair value when they are allocated to the accounts of the Society and the tools that are available for the activity. The classification depends on the purpose (projects) for which the financial assets were acquired. Management determines the classification of their financial assets at initial recognition.

a. Prepayments and other requirements

Society except prepayments car insurance does not have any other prepayment, these prepayments has fully recognized as an expense in the Income Statement. Other requirements from the sale of fixed assets are recognized initially at their fair value. Short-term means maturity shall not be deducted.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet cost. For the purposes of the cash flow statement, cash and cash equivalents include cash and deposits without term held in the bank.

b. Stocks

Society in the accounting records and Financial Statements has not identified stocks. That humanitarian aid which are distributed during the year from different donors is not stored in the Society depot, they immediately distributed to the needy with the convoys that the Society organizes, but always with the presence and supervision of the Donors.

b. Capital of the Society

Society in the Financial Statements has its capital as a result of active state assets and resources from donations **31.12.2016** and remaining donations since **2017**.

c. Reserves

Reserves consist of the values of the surplus funds from donations.

d. Workers' benefits

Society contributes to its employees after retirement plans as are prescribed by the social security legislation passed by UNMIK. Contributions, based on salaries, are made in national organization, responsible for the payment of pensions. There is no additional liability associated with these plans and these schemes are considered as fixed plan contributions. The company has no post retirement benefits for workers themselves.

e. Other payables

Society has no obligation to accounting records which are due for payment.

f. Actual profit tax and deferred profit

Personal income tax cost is calculated based on the tax laws approved at the balance sheet date.

Personal income tax is calculated and paid in full and is presented in the financial statements. Tax is



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determined using tax rates that have been approved at the balance sheet date and are expected to apply when the tax on personal income tax is realized or the liability is presented.

g. Recognition of incomes and expenses

Incomes are recognized when it is the possibility of donor benefits associated with the flow of transactions of the Society and the amount of incomes can be measured reliably. Incomes from the sales and potential assets are recognized when Nett sale-purchase are done.

2.14 Operating expenses

Expenses are recognized in the income statement in the delivery of services or date of origin.

h. Contingencies and liabilities

Contingent liabilities are not recognized in financial statements. They are disclosed only if the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements but they are disclosed when inflow of economic benefits is possible. Contingent losses amount are recognized as a provision if it is probable that future events will confirm that a liability incurred at the date of the balance sheet and reasonable estimate of the amount of the resulting loss can be made.

2.15 Subsequent events

Events after the end of the year, which provide additional information about the Society position at the balance sheet date (adjusting events), are reflected in the financial statements. Events after the end of the year that are not adjusting events are disclosed in the notes where the evidences (material) are in.

3. Financial risk management

Risk management of Society is implemented by Society Management, focusing on existed donations and researching new donors.

3.1 Credit risk

Society has no credit obligation or other forms of obligations in accounting records. Therefore, the Society has no credit risk to which should be stated in the notes.

3.2. Management of Capital Risk

Society' objectives when managing capital are protected in the state and the ability of the Society to continue its humanitarian activities in order to ensure and maintain an optimal capital structure to reduce the cost of expenses. Protections of the existing capital structure as well as the continuation of humanitarian activities are closely linked to the willingness of financing projects of Society by donors. The largest number of Society' donors are external donors.



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Property, plant and equipment

	Equipment	Office furniture	Total
On 1 January 2007			
Value	13,250.00	17,923.00	31,173.00
(Impairment)accumulated	0	0	0
Nett value	13,250.00	17,923.00	31,173.00
Nett value in PF			31,173.00
ending year 31 December 2009			
Preliminary Nett value	13,250.00	17,923.00	31,173.00
Extras			
Transfers			
Impairment for the year	0	0	0
Final values in the general ledger	13,250.00	17,923.00	31,173.00
Nett value in PF			31,173.00
01 January 2010			
Supplying value	13,250.00	17,923.00	31,173.00
Accumulated impairment until 31.12.2010	0	0	0
Impairment for 2011	2,650.00	3,584.60	6,234.60
Total impairment	2,650.00	3,584.60	6,234.60
Nett value 31.12.2011	10,600.00	14,338.40	24,938.40
Impairment for 2012	2,650.00	3,584.60	6,234.60
Nett value 31.12.2012	7,950.00	10,753.80	18,703.80
Implaiment for 2013	2,650.00	3,584.60	6,234.60
Nett value in PF	5,300.00	7,169.20	12,469.20
Implaiment 2014	1,060.00	1,434.00	2,494.00
Nett value 31.12.2014	4,240.00	5,735.20	9,975.20
Nett value in PF			9,975.20
Implaiment 2015	848.00	1,147.00	1,995.00
Nett value 31.12.2015	3,392.00	4,588.20	7,980.20
Nett value in PF			7,980.20
Implaiment 2016	678.40	917.64	1,596.04
Nett value PF 31.12.2016	2,713.60	3,670.56	6,384.16
Implaiment 2017	542.70	734.10	1,276.80
Nett value PF 31.12.2017	2,170.90	2,936.46	5,107.36

On 31 December 2016, there is an item of property, plant and equipment, which are pledged as security in any liability. Changes in 2017 in fixed assets resulting from the implementation of legal norms of depreciation.



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5. Money and money equivalents

	01 January 2017	31 December 2017
Current accounts in local banks	67,353.59	286,332.86
Cash	0.00	0.00
Total cash	67,353.59	286,332.86

Cash value coincides with the situation presented in the financial statements, general ledger and bank extracts.

5. Value of donations and its expenses

Donor	Initial balance. 1/1/2017 €	Additions during 2017 €	Expense I-XII 2017 €	Final balance 31/12/17 €
1. Mather Teresa Himni PTK Vala 900	1,997.00	0.00	1,997.00	0.00
2. Medicaments Help MTS Swicerland	477.00	492.00	969.00	0.00
3. House Construction MTS Swicerland	0.00	58,398.55	58,398.55	0.00
4. Other Donors Income	17,743.13	2,040.00	16,752.54	3,030.59
5. Food and Meritas project Hoganas Swiden	0.00	15,935.75	15,935.75	0.00
6. Food Projekt F.Kosova	0.00	3,000.00	2,558.95	411.05
7. Green House Projekt SDC	835.34	4,300.00	5,135.34	0.00
8. Food Project Gjakova Municipality	419.84	5,258.79	5,450.50	219.34



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9. Subvention Prishtina Municipality	0.00	2,500.00	2,500.00	0.00
10. Ministry of Social Welfare Oldery project	7,511.49	20,000.00	27,511.49	0.00
11. Fondraising activities	649.57	1,250.00	1,899.57	0.00
12. Back Home Project Caritas Austri-ADA	36,525.62	126,599.00	163,124.62	0.00
13. Sefty net project municipality Hani I Elezit	1,194.60	2,000.00	3,194.60	0.00
14. Returnees project IRMA plus Caritas Austria	0.00	3,390.00	3,390.00	0.00
15. Democracy in action local and central election	0.00	60,174.48	60,174.48	0.00
16. Ripatriotation project GIZ-DIMAK	0.00	323,046.00	40,374.12	282,671.88
17. Greenhouse project HAAD	0.00	6,285.66	6,285.66	0.00
TOTAL	67,353.59	634,362.65	415,383.38	286,332.86

Amount of cash acquired in the name of donations and projects during 2016 along with previous years' surpluses are not spent for **286,332.86** Euros. Remaining assets are not waste by allowed amounts but are projects that will continue to be **implemented during 2018** with the knowledge of the donors.



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6. Personnel costs

Months	Gross incomes	Holding tax/ salary	Holding cont/ paid 5%	Holding cont/ paid 5%	Neto Incomess
January	4,070.00	242.73	203.50	203.50	3,420.27
February	3,370.00	175.98	168.50	168.50	2,857.02
March	4,120.00	191.68	206.00	206.00	3,516.32
April	4,637.07	221.89	231.87	231.87	3,951.44
May	4,637.07	221.89	231.87	231.87	3,951.44
June	4,637.07	221.89	231.87	231.87	3,951.44
July	4,567.50	215.28	228.39	228.39	3,895.44
August	4,567.50	215.28	228.39	228.39	3,895.44
September	4,317.50	208.98	215.89	215.89	3,676.74
October	4,567.50	220.28	228.39	228.39	3,890.44
November	4,317.50	208.98	215.89	215.89	3,676.74
December	9,510.00	675.10	440.50	440.50	7,953.90
Total:	57,318.71	3,019.96	2,831.06	2,831.06	48,636.63

Compared to 2016, in 2017 there was no significant difference in wages. Taxes and contributions are paid under terms set by TAK.

Kosovo Humanitarian Charitable Society "Mather Teresa" baset in Prishtina ID registration 5100002-1, with fiscal number 600139001 for period January – December 2017
financial performance, which are in accordance with International Financial Reporting Standards .

Pristine, February.2018

Emërllah Hyseni, Legal Auditor

