

**NGO HandiKOS**  
**Financial Statements and Independent Auditors' Report**  
**December 31, 2017**

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# **Independent Auditors' Report**

**To the management of NGO HandiKOS**

## **Report on the Audit of the Financial Statements**

### ***Opinion***

We have audited the accompanying financial statements of the NGO HandiKOS (further referred to as "the Organization" or "HandiKOS") which comprise of the Statement of Financial Position as at 31 December 2017, and the Statement of Comprehensive Income, Statement of changes in funds and Statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, included on pages 6 to 16.

In our opinion the financial statements present fairly, in all material respects, the financial position of the Organization as of 31 December 2017, and its financial performance, changes in funds and its cash flows for the year then ended in accordance with the Generally Accepted Accounting principles.

### **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 Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Kosovo, 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.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined there are no key audit matters to be communicated in our report.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Generally Accepted Accounting Principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

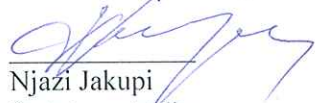
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 Company'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 Company'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 Company 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.

Audit Check L.L.C ,



Njazi Jakupi

Statutory Auditor,

Tel: +377 44 250320



28 February, 2018

**Statement of Financial Position**

	Note	December 31, 2017	December 31, 2016
<b>Assets</b>			
<b>Current assets</b>			
Cash and bank balances	3	293,041	316,243
Accounts Receivable	4	46,185	60,505
Other Receivables		4,928	2,851
<b>Total current assets</b>		<b>344,154</b>	<b>379,599</b>
<b>Non - Current assets</b>			
Property and equipment	5	89,818	116,929
<b>Total non-current assets</b>		<b>89,818</b>	<b>116,929</b>
<b>Total assets</b>		<b>433,972</b>	<b>496,528</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses		6,932	6,469
Deferred Revenue	6	427,040	490,059
<b>Total liabilities</b>		<b>433,972</b>	<b>496,528</b>
<b>FUNDS</b>			
Retained funds			
Net deficit/surplus for the year			
<b>Total funds</b>		<b>-</b>	<b>-</b>
<b>Total funds and liabilities</b>		<b>433,972</b>	<b>496,528</b>

These financial statements have been approved and signed on behalf of the management on 18 January 2018 by:

Executive Director

Mr. Afrim Maliqi



Financial Manager

Mr. Xhevdet Ieci

**Statement of Comprehensive income**

	Note	Year ended on December 31,	
		2017	2016
<b>Income</b>			
Grant Incomes	6	421,457	630,512.70
Other income		2,942	27,837.50
Released from deferred revenue from grant related to fixed assets	6	32,702	32,705.05
<b>Total income</b>		<u>457,101</u>	<u>691,055</u>
<b>Expenses</b>			
Personnel Costs	7	(249,522)	(300,877)
Program expenses	8	(139,042)	(262,137)
		(35,835)	(95,336)
General and Administrative expenses	9		
Depreciation expenses	5	(32,702)	(32,705)
<b>Total expenses</b>		<u>(457,101)</u>	<u>(691,055)</u>
<b>Surplus of the year</b>		<u>-</u>	<u>-</u>

**Statement of Cash Flow**

	<b>Year ended on December 31<sup>st</sup></b>	
	<b>2017</b>	<b>2016</b>
	<b>(in EUR)</b>	<b>(in EUR)</b>
<b>Cash flows from operating activities</b>		
Deficit/surplus for the period	-	-
Adjustment for:		
Depreciation	32,702	32,705
Change in receivables	14,320	(9,785)
Change in other receivables	(2,077)	6,731
Change in payables	463	2,732
Change in other current liabilities	(63,019)	(168,357)
<b>Net cash from operating activities</b>	<b>(17,611)</b>	<b>5,220</b>
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment	(5,591)	(5,219)
<b>Net cash used in investing activities</b>	<b>(5,591)</b>	<b>(5,219)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(23,201)</b>	<b>(141,194)</b>
Cash and cash equivalents at 01 January	316,243	457,437
<b>Cash and cash equivalents at 31<sup>st</sup> December</b>	<b>293,041</b>	<b>316,243</b>



**Statement of Changes in Funds**

	<b>Funds</b>
	<b>(in EUR)</b>
Opening balance as at January 01, 2016	-
Net deficit/surplus for the year ended December 31, 2016	<u>-</u>
<b>Balance as at December 31, 2016</b>	-
Net deficit/surplus for the period December 31, 2017	<u>-</u>
<b>Balance as at December 31, 2017</b>	<u><u>-</u></u>

## **1. General Information**

HandiKos is registered as a Non Governmental organization under UNMIK Regulation 1999/22, Section 10, on the registration and Operations of NGOs in Kosova, registration number 5100034-0.

HandiKos (Association of paraplegics and Child paralysis of Kosova) is a local NGO the leading agency in Kosova / promoting the rights of persons with disability established 1883 with initiative of current president.

The HandiKos network consists of 25 local offices in different municipalities of Kosova where peer counseling and other activities are organized and there are 10 community centers (Community based Rehabilitation Centers) which provide activities of primary physical rehabilitation and game (development) activities.

The organizations address is: Dardania 4/7, 10000, Prishtina, Kosova.

## **2. Basis of preparation and significant accounting policies**

### **2.1 Significant accounting policies**

#### **a) Statement of compliance**

The financial statements have been prepared in accordance with Generally Accepted Accounting Standards.

#### **b) Basis of Preparation**

The financial statements are presented in Euro. They have been prepared in accordance with the historical cost convention. The accounting policies have been consistently applied, and except where otherwise indicated, are consistent with those adopted for the previous financial year.

The reporting period of the Organization is twelve months ending 31 December of each year. Financial statements are prepared on a comparative basis reflecting balances for the current year and previous year.

#### **c) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances on hand and cash deposited with local banks.

#### **d) Receivables**

Receivables are recorded in the balance sheet when the amounts are due from debtors. Receivables are initially measured at cost and subsequently at cost less impairment.

The impairment calculation compares the carrying amount of the financial asset with the discounted present value of the currently estimated amounts and timings of payments. Any impairment loss is charged to net profit or loss for the period.

#### **e) Plant and equipment**

Items included in this category represent vehicles, office supply and IT equipment and are recognized as assets when it is probable that:

- the future economic benefits associated with the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

They are initially recorded at cost. Cost includes all costs necessary to bring the asset to working condition for its intended use.

The Organization carries the assets at cost less accumulated depreciation and impairment losses, if any. Depreciation of assets is recorded annually

using the Straight Line method and taking into consideration their estimated useful life. The following rates are applied:

- Vehicles - 20 %
- Other equipment – 20 %

An item of plant and equipment is removed from the balance sheet on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal.

**f) Grants**

Grants are recognized only when there is reasonable assurance that:

- The Organization will comply with the conditions attaching to them, and
- The grants will be received.

Operating grants are recognized as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis. Grants earmarked for asset acquisitions are deferred and recognized as income over the useful life of the underlying asset.

**g) Accounts payable**

Accounts payable are recognized when the amount is determinable and the obligation to settle the amount exists as a result of the Organization's operations. They are stated at cost.

**h) Expense**

Expenses are recognized as incurred.

**i) Foreign currency**

Foreign currency transactions are translated using the exchange rate valid on the date of the transaction. Any gains and losses arising on settlement of amounts payable or receivable are recognized in the statement of operations.

At the end of a period, outstanding foreign currency monetary items are reported using the exchange rate valid on the last day of the period. Any resulting gains or losses are recognized in the statement of operations.

**j) Tax on profit**

The Organization is exempt from tax on profit.

**k) Revenues & Expenses**

During the current period, the Organization received grants to sustain its operations and to finance the costs of the Projects. The grants are provided on the basis of specific projects and/or budgets submitted to and approved by the donors.

**3. Cash and cash equivalents**

	<b>31-Dec-17</b>	<b>31-Dec-16</b>
	<b>(in EUR)</b>	<b>(in EUR)</b>
Cash in hand	3,756	4,976
Cash at banks	289,285	311,267
<b>Total cash and cash equivalents</b>	<b>293,041</b>	<b>316,243</b>

**4. Grants receivable**

	<b>31 December 2017</b>	<b>31 December 2016</b>
	<b>(in EUR)</b>	<b>(in EUR)</b>
Receivable from KCF		10,012
Receivable from EU	6,942	42,058
Receivable from Kynnys	5,519	70
Receivable from PIN	4,151	8,365
Receivable from UNICEF	29,252	
Receivable from other donors	321	
<b>Total</b>	<b>46,185</b>	<b>60,505</b>



**5. PROPERTY AND EQUIPMENT**

	Buildings	Vehicles	Furniture and equipment	Total
Cost				
At 01 January 2017	572,859	49,800	20,311	642,970
Additions			5,591	5,591
Transfers				0
Disposals				0
<b>At 31 December 2017</b>	<b>572,859</b>	<b>49,800</b>	<b>25,902</b>	<b>648,560.54</b>
<i>Accumulated depreciation</i>				
At 01 January 2017	(457,087)	(49,800)	(19,153)	(526,040)
Depreciation charge for the period	(28,643)		(4,059)	(32,702)
Adjustment related to Disposals				
<b>At 31 December 2017</b>	<b>(485,730)</b>	<b>(49,800.00)</b>	<b>(23,212.43)</b>	<b>(558,743)</b>
<i>Carrying amount</i>				
At 01 January 2017	115,772	49,800	16,252	116,930
At 31 December 2017	87,129	0	2,689	89,818

**6. Deferred revenue from grants**

	31 December 2017	31 December 2016
Deferred revenue from grants for operating expenses	337,222	373,130
Deferred revenue from grants for fixed assets	89,818	116,929
<b>Total</b>	<b>427,040</b>	<b>490,059</b>

Movements on deferred revenue from Grants:

	31 December 2017	31 December 2016
<u>As at January 1<sup>st</sup></u>	490,059	589,912
Received during the year	394,082	648,402
<b>Total</b>	<b>884,141</b>	<b>1,238,314</b>
<u>Recognized as income during the year</u>		
For operating expenses	(424,399)	(715,550)
For fixed assets	(32,702)	(32,705)
<b>As at December 31</b>	<b>427,040</b>	<b>490,059</b>

## 7. Payroll and other staff benefits

	Year ended on December 31,	
	2017	2016
Salaries	237,651	286,567
Pension contributions	11,870	14,310
	<b>249,522</b>	<b>300,877</b>

Grants for PAK-STEP Pejë		60,000
Grants for startup business - STEP Pejë		30,000
Project audit expenses	6,850	10,600
TV spot	2,706	4,100
Participants travel	5,097	3,074
Sponsorship expenses	3,000	3,290
Accommodation expenses	6,402	5,424
Direct program expenses	11,995	
Food and refreshments for participants	14,209	
Camping expenses	7,620	
Travel expenses	9,298	
Other expenses	70,067	78,292
	<b>137,242</b>	<b>262,137</b>

**9. General and administrative expenses**

	Year ended on December 31,	
	2017	2016
Fuel	6,112	11,748
Bank charges	2,562	2,536
Electricity	5,905	7,476
Maintenance	3,546	3,607
Communication	1,777	2,613
Office expenses	5,723	12,735
Travel expenses	4,043	10,209
Other expenses	6,168	44,413
	<b>35,835</b>	<b>95,336</b>