Advocacy Training and Resource Center (ATRC)

INDEPENDENT AUDITORS' REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Management of Advocacy Training and Resource Center

Opinion

We have audited the financial statements of **Advocacy Training and Resource Center** (the Organization), which comprise: the statement of financial position as at December 31, 2017, the statement of earnings and expenditures, statement of changes in fund balances for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance 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 Financial Statements* section of our report. We are independent of the Organization in accordance with the *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 and the IESBA Code. 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 the financial statements in accordance with IFRS, for small and medium corporate and for such internal control as management determines is necessary to enable the preparation of financial statements that we are free from material misstatement, wither 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 Organization 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 procedure 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 management's use of the going concern basis 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.

BDO Kosova L.L.C

BDO Kosova L.L.C.
November 21, 2018
Pashko Vasa Str. No.46
Pristina, Kosovo

	Notes	As at December 31, 2017	As at December 31, 2016
		(in EUR)	(in EUR)
ASSETS			
Non-Current Assets			
Property and Equipment	4	22,068	21,817
TOTAL NON-CURRENT ASSETS		**22,068**	**21,817**
CURRENT ASSETS			
Account Receivables	6	2,358	7,636
Advances	7	6,200	24,438
Cash on hand and at banks	5	74,287	140,076
TOTAL CURRENT ASSETS		**82,845**	**172,150**
TOTAL ASSETS		**104,913**	**193,967**
LIABILITIES			
Liabilities			
Accounts payable	8	43,727	8,421
Deferred revenue	9	42,144	166,755
Donor liabilities		19,042	23,503
TOTAL LIABILITIES		**104,913**	**198,679**
RESERVES			
Initial fund		-	-
Retained surplus/(deficit)		-	(4,712)
		-	**(4,712)**
TOTAL LIABILITIES AND RESERVS		**104,913**	**193,967**

Authorized for issue by the management and signed on its behalf on March, 28 2018.

Kushtrim Kaloshi
Executive Director

Gani Asllani
Financier M

The accompanying notes from 1 to 15 form an integral part of these financial statements.

	Notes	Year ended December 31, 2017 (in EUR)	Year ended December 31, 2016 (in EUR)
Revenue			
Donor funding	10	1,297,580	1,314,277
Total Revenue		**1,297,580**	**1,314,277**
Expenses			
Personnel expenses	11	(246,869)	(282,393)
Operating expenses	12	(64,900)	(41,464)
In-Kind Contributions	14	(63,723)	(220,199)
Project expenses	13	(917,376)	(770,221)
Total Expenses		**(1,292,868)**	**(1,314,277)**
Surplus for the year		4,712	-

The accompanying notes from 1 to 15 form an integral part of these financial statements.

Statement of Changes in Equity

	Retained earnings/losses	Total equity
As at January 1, 2016	(4,712)	(4,712)
Net profit/(loss) for the year	-	-
As at December 31, 2016	**(4,712)**	**(4,712)**
As at January 1, 2017	(4,712)	(4,712)
Net profit/(loss) for the year	4,712	-
As at December 31, 2017	**-**	**(4,712)**

The accompanying notes from 1 to 15 form an integral part of these financial statements.

	Note	Year ended December 31, 2017 (in EUR)	Year ended December 31, 2016 (in EUR)
Operating activities			
Surplus for the year		4,712	-
Depreciation expenses	4	3,592	9,832
		8,303	**9,832**
Increase/Decrease in trade and other receivables		5,279	5,146
Increase/Decrease in Advances		18,238	(10,551)
Increase/Decrease in trade and other payables		35,306	5,941
Increase/Decrease in Deferred Revenue		(124,612)	118,287
Increase/Decrease in donor liabilities		(4,461)	(6,158)
Net cash (used)/generated by operating activities		**(61,946)**	**122,497**
Investing activities			
Purchase of property and equipment	4	(3,843)	(3,675)
Net cash (used)/generated in investing activities		**(65,789)**	**118,822**
Net increase in cash and cash equivalents during the year			
Cash and cash equivalents at the beginning of the year		140,076	21,254
Cash and cash equivalents at the end of the year		74,287	140,076

The accompanying notes from 1 to 15 form an integral part of these financial statements.

1. GENERAL

The Advocacy Training and Resource Center (hereinafter "ATRC") is a non-profit organization established in accordance with Regulation no. 1999/22 of the United Nations Interim Administration Mission in Kosovo, and then in accordance with the Law on Freedom of Association in Non-Governmental Organizations, no. 04 / L-057 approved by Kosovo Parliament in 2011, with registration number 5200095-5 as of 11 June 2003, PBS 6001014-5 as well as with fiscal number 600254594.
The Advocacy Training and Resource Center (ATRC) is focused on increasing civic participation and civil society participation in decision-making as a prerequisite for a developed democratic society and regional stability.
ATRC works with representatives of NGOs, civic initiatives, public administration, political institutions and media regardless of religion, political affiliation, ethnicity, age, gender, ability and sexual orientation.
ATRC achieves its goals through four main programs: Grant Administration, Advocacy, Capacity Building, and Exchange of Information in Kosovo and abroad. Since its foundation in 2001, ATRC has assisted numerous NGOs in Kosovo to professionalize their work, articulate their demands, and advocate in governmental structures for issues that impact Kosovo society.

On December 31, 2017, the organization has 20 employees, of whom 9 were external advisers.

Donors and supporters of ATRC during 2017 are:
1. US Agency for International Development (USAID)
2. Save the Children International Office in Kosovo (SCIK)
3. American State Department, International Narcotics Trafficking and Law Enforcement Bureau (INL). As well as other donors

2 ADOPTION OF NEW AND REVISED STANDARDS

2.1 New standards, interpretations and amendments effective from 1 January 2017

A number of new standards issued by International Accounting Standards Board, interpretations and amendments issued by the International Financial Reporting Interpretations Committee are effective for the first time for periods beginning on (or after) 1 January 2017.
Note: not all new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2017 effect the Organization financial statements.

IAS 8:28 - The effect of the initial application of an IFRS on the Organization's accounting policies.

The following new standards, amendments and interpretations are effective for the first time for periods beginning on or after 1 January 2017:

- Annual Improvements to IFRSs (2014 - 2016 Cycle): IFRS 12 Disclosure of interests in other entities
- IAS 12 Income Taxes (Amendment - Recognition of Deferred Tax Assets for Unrealized Losses)
- IAS 7 Statement of Cash Flows (Disclosure Initiative Amendments).

The scope of IFRS 12 was clarified to make it clear that the disclosure requirements in this Standard, except for those in paragraphs B10 - B16, apply to interests irrespective of whether they are classified as held for sale, as held for distribution to owners or as discontinued operations in accordance with IFRS 5.

The amendment to IAS 12 Income Taxes clarifies the accounting for deferred tax assets related to debt instruments measured at fair value but are not deemed to be impaired (for example, an investment in a fixed rate bond where the fair value has declined due to changes in interest rates, but the asset is not considered to have become impaired in value). Specifically it clarifies that deferred taxes should be recognized for deductible temporary differences arising from unrealized losses on debt instruments measured at fair value if all other recognition criteria for deferred taxes are met, regardless of whether it is planned to recover the instrument through sale or by holding it to maturity.

The amendment to IAS 7 aims to improve information about changes in liabilities arising from financing activities. One way to provide this disclosure would be to provide a reconciliation of the opening and closing carrying amounts for each item for which cash flows have been or would be classified as financial activities. The reconciliation would include:

- Changes from financing cash flows;
- Changes arising from obtaining or losing control of subsidiaries or other businesses;
- Other non-cash exchanges (e.g. changes in foreign exchange rates, new finance leases and changes in fair value);

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2017 that had a significant effect on the financial statements.

2 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

2.2 New standards, interpretations and amendments effective in periods after year end December 31, 2017

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the Organization has decided not to adopt early. The most significant of these are:

- IFRS 9 Financial Instruments (mandatorily effective for periods beginning on or after 1 January 2018); and
- IFRS 16 Leases (mandatorily effective for periods beginning on or after 1 January 2019).

IFRS 9 Financial Instruments
The Organization has identified that the adoption IFRS 9, which replaces IAS 39 Financial Instruments:

The Organization will need to apply from 1 January 2018 an expected credit loss model when calculating impairment losses on its trade and other receivables (both current and non-current). This will result in increased impairment provisions and greater judgement due to the need to factor in forward looking information when estimating the appropriate amount of provisions. In applying IFRS 9 the Organization must consider the probability of a default occurring over the contractual life of its trade receivables and contracts asset balances on initial recognition of those assets.

IFRS 16 Leases
Adoption of IFRS 16 will result in the Organization recognizing right of use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the Organization does not recognize related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment.

2 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

2.2 New standards, interpretations and amendments effective in periods after year end December 31, 2017 (continued)

Other

The Organization does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Organization.

The following is a list of other new and amended standards which, at the time of writing, had been issued by the IASB but which are effective in future periods. The amount of quantitative and qualitative detail to be given about each of the standards will, much like the amount of detail to be given about IFRSs 9, 15 and 16, depend on each Organization's own circumstances.

- IFRIC 22 Foreign Currency Translations and Advance Consideration (effective 1 January 2018)
- Amendments to IFRS 2 classification and Measurement of Share-based payment Transactions (effective 1 January 2018)
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective 1 January 2018)
- Amendments to IAS 40: Transfers of Investment Property (effective 1 January 2018)
- Annual Improvements to IFRS Standards 2014-2016 cycle dealing with matters in IFRS 1 First-time Adoption and IAS 28 Investments in Associates and Joint Ventures (effective1 January 2018)
- IFRIC 23 Uncertainty over Income Tax Positions (effective 1 January 2019)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (effective 1 January 2019)
- Amendments to IAS 28:Long-term Interests in Associates and Joint Ventures (effective 1 January 2019)
- IFRS 17 Insurance Contracts (effective 1 January 2021)

3. ACCOUNTING POLICIES

3.1 Basis of preparation

These financial statements are prepared in accordance with international Financial Reporting Standards (IFRS).

The financial statements have been prepared using the measurement bases specified for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

3.2 Currency of presentation

The financial statements are presented in Euro, which in accordance with regulations of European Monetary Union and instructions issued by the Central Bank of Kosovo. Euro is adopted as the only legal currency in the territory of Kosovo from January 1, 2002.

3.3 Revenues and Expenditures

Revenues are recognized as revenue only when they relate to expenditures that are supported by donor-approved grants.

3.4 Foreign currency translation

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transactions (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

3.5 Property and equipment

Property, plant and equipment are presented at historical cost deducted for accumulated depreciation. Historical cost includes costs that are directly attributable to the appropriated items. The cost of self-constructing assets includes the cost of raw materials, direct labor, and a certain proportion of pendant production costs.

Subsequent purchases are included in the carrying amount of the asset or are presented as a separate asset, respectively, only when there is a likelihood of the entity's future economic outflow of the relevant item and when the value of the item can be measured fairly. Impairment of property, plant and equipment is calculated using the straight-line method of cost allocation or deemed cost to their residual value over their useful life, as follows:

Office equipment	20%
Vehicles	16.6%
Computers and Office Equipment	20%

3. ACCOUNTING POLICIES (CONTINUED)

3.6 Profit Tax

The organization is exempt from profit tax (Law No. 05 / L-029 on Corporate Income Tax, Article 7).

3.7 Cash and Cash Equivalents

Cash and cash equivalents include cash at checkout, bank deposits and short-term liquidity investments that expire within a period of up to 12 months.

3.8 Employee Benefits

Pension obligations

The organization has a pension scheme defined by the local social insurance legislation, according to which it contributes to the retirement plans of its employees. Contributions based on gross salaries were made in the state pension plan, KPST (Pension Trust) responsible for pension payments. There is no additional obligation with respect to these plans.

3.9 Trade and other payables

Other payables and trades are recognized at fair value and subsequently measured at amortization costs using the effective interest method.

3.10 Operating Expenses

Operating expenses are recognized in profit or loss on service use or on the date of their origin.

4 PROPERTY AND EQUIPMENT

	Computers	Office equipment	Vehicles	Intangible assets	Total
Cost					
As at January 1, 2016	50,578	18,252	48,013	2,511	119,354
Additions	3,675	-	-	-	3,675
Disposals	-	-	-	-	-
As at December 31, 2016	54,253	18,252	48,013	2,511	123,029
As at January 1, 2017	54,253	18,252	48,013	2,511	123,029
Additions	306	-	3,537	-	3,843
Disposals	-	-	-	-	-
As at December 31, 2017	54,559	18,252	51,550	2,511	126,872
Accumulated depreciation					
As at January 1, 2016	30,702	16,248	43,799	630	91,379
Depreciation for the year	7,477	885	84[illegible]	630	9,833
Disposals	-	-	-	-	-
As at December 31, 2016	38,179	17,133	44,640	1,260	101,212
As at January 1, 2017	38,179	17,133	44,640	1,260	101,212
Depreciation for the year	821	524	1,617	630	3,592
As at December 31, 2017	39,000	17,657	46,257	1,890	104,804
NET BOOK VALUE					
As at December 31, 2017	15,559	595	5,293	621	22,068
As at December 31, 2016	16,074	1,119	3,373	1,251	21,817

5 CASH AND CASH EQUIVALENTS

	As at December 31, 2017 (in EUR)	As at December 31, 2016 (in EUR)
Cash at Banks	74,248	139,845
Cash on Hand	39	231
TOTAL	**74,287**	**140,076**

6 ACCOUNTS RECEIVABLE

	As at December 31, 2017 (in EUR)	As at December 31, 2016 (in EUR)
USAID	-	4,742
ENV.Net	-	2,714
TAK - Tax Administration of Kosovo	2,358	180
TOTAL	**2,358**	**7,636**

7 ADVANCES

	As at December 31, 2017 (in EUR)	As at December 31, 2016 (in EUR)
HANDIKOS Prishtinë	2,216	-
NGO YIHR	2,623	11,809
NGO SPRC	1,361	1,780
NGO CEL	-	2,089
NGO Ichat	-	573
NGO KCBS	-	498
NGO Lëvizja Fol		1,344
NGO FAGJ	-	627
NGO CSD	-	969
NGO Handikos Mitrovica	-	433
NGO INPO	-	487
NGO SBUNKER	-	1,819
Others	-	2,010
TOTAL	**6,200**	**24,438**

8 ACCOUNTS PAYABLE

	As at December 31, 2017 (in EUR)	As at December 31, 2016 (in EUR)
RIINVEST	5,217	-
Audit	3,840	3,350
WFW	3,830	-
CSGD	3,660	-
POLI	3,249	-
YIHR	2,729	
SPRC	2,643	-
QKSGJ	2,533	-
GAP	2,284	-
HANDIKOS Prishtinë	2,216	-
ACDC	1,888	-
CPC	1,823	-
JETA	1,557	-
HANDIKOS Mitrovicë	1,411	-
Democracy Plus	-	1,595
Other payables	4,847	3,473
TOTAL	**43,727**	**8,418**

9 DEFERRED FUNDS

	As at December 31, 2017 (in EUR)	As at December 31, 2016 (in EUR)
USAID E4E	27,793	154,992
CSSP		1,706
ATRC funds	10,255	10,057
INL	4,096	-
TOTAL	**42,144**	**166,755**

10 DONOR FUNDING

	Year ended December 31, 2017 (in EUR)	Year ended December 31, 2016 (in EUR)
USAID - E4E Funds	1,166,977	952,558
Save the Children	26,473	-
USAID Funds	21,085	7,570
INL	12,904	-
CSSP	1,706	1,894
Europian Commission - ENV Net	-	30,259
PILPG	-	10,139
Europian Commission - SEE Change	-	10,260
EU/IPA	-	35,724
EU CARE		18,775
NED	-	26,899
Other revenues	68,435	220,199
TOTAL	**1,297,580**	**1,314,277**

11 PERSONNEL EXPENSES

	Year ended December 31, 2017 (in EUR)	Year ended December 31, 2016 (in EUR)
Salary expenditures	235,661	269,405
Pension contributions from the employer	11,208	12,991
TOTAL	**246,869**	**282,396**

12. OPERATING EXPENSES

	Year ended December 31, 2017 (në EUR)	Year ended December 31, 2016 (në EUR)
Rent Expenses	13,187	13,002
Objective 2	12,345	-
CLARD Expenses	8,500	-
Vehicle expenses	7,416	4,549
Objective 1	2,569	-
Audit	2,500	5,250
'In House' trainings	2,092	-
Banking Commissions Expenditures	1,995	2,179
Translation of documents	1,943	-
Phone expenses	1,740	3,174
Office supplies	1,497	2,194
Internet expenses	1,216	1,216
Heating expenses	1,062	676
Meeting expenses	1,015	65
Grant Notifications	834	-
Electricity expenses	791	1,402
Office security service	-	600
Garbage expenses	-	76
Water expenses	-	623
IT	-	233
Generators	-	896
Per diem expenses	-	628
Web Site expenses	-	280
Other expenses	4,198	4,421
TOTAL	**64,900**	**41,464**

13. PROJECT EXPENSES

	Year ended December 31, 2017 (in EUR)	Year ended December 31, 2016 (in EUR)
SPRC	67,421	5,295
YIHR	47,577	19,258
W4W	39,642	5,295
D4D	38,953	2,275
Multimedia	37,918	1,835
Riinvest	36,957	32,108
GAP	35,912	2,660
QKSGJ	26,574	1,132
HandiKos Prishtina	22,819	1,236
Levizja Fol	21,622	32,866
ACDC	20,119	32,257
CSGD	18,911	15,436
CSD	17,840	19,511
CEL	15,745	50,961
QESH	15,524	18,690
IFK	14,629	-
AVOKO	13,879	-
Kosovo Glocal	12,441	-
DSK	11,833	14,510
Syri Vizion	11,218	33,099
KCBS	7,010	47,990
INPO	5,145	36,661
Ec Ma Ndryshe	4,289	39,543
Handikos Mitrovica	4,152	31,513
ARTPOLIS	3,209	33,400
Others	366,037	292,693
TOTAL	**917,376**	**770,221**

14. IN-KIND CONTRIBUTIONS

	Year ended December 31, 2017 (in EUR)	Year ended December 31, 2016 (in EUR)
Depreciation expenses - ATRC	3,592	5,398
Depreciation expenses - E4E	-	4,434
E4E - contributions	60,132	210,367
TOTAL	**63,723**	**220,199**

15. SUBSEQUENT EVENTS

Events after the end of the reporting period on the statement of financial position, and which provide additional information about the Organization's position at the statement of financial position date (adjusting events) are reflected n the financial statements.
Events after the end of the year that are not regulated are disclosed in supplementary notes when the event reflects material value.