



ADVOCACY CENTER FOR DEMOCRATIC CULTURE - ACDC

Independent Auditor's Report and financial report
for the Project "Civil Society for Transparent Governance in Northern Kosovo"
financed by Foreign and Commonwealth Office

May 2016

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AUDIT CERTIFICATE

To: Advocacy Center for Democratic Culture - ACDC

We have audited the accounts of the organization Advocacy Center for Democratic Culture – ACDC related to the project “Civil Society for Transparent Governance in Northern Kosovo” financed by Foreign and Commonwealth Office - FCO for the period 1st June 2015 till 31st March 2016 in the amount of 49,003.12 GBP or 66,887.85 EUR.

The audit is performed in accordance with International Standards on Auditing. The audit standards require that we plan and perform the audit to obtain reasonable assurance whether the accounts and reports are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing used accounting principles, and evaluating the overall presentation of the information in the accounts.

Management is responsible for the preparation and fair presentation of these financial reports in accordance with accounting principles generally accepted in Kosovo and agreement with the British Embassy. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial reports that are free from material misstatement, whether due to fraud or error.

The accounts and the final financial report have been prepared in accordance with contract conditions, including the budget, in-between British Embassy and ACDC.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, financial report of the project “Civil Society for Transparent Governance in Northern Kosovo” gives fair view in all material respects, of funds received and disbursements made for the period 01st June 2015 till 31st March 2016, in accordance with generally accepted accounting principles in Kosovo.

ACA – Audit & Consulting Associates
Prishtina,
May 2016

Financial Report**Civil Society for Transparent Governance in Northern Kosovo**

On October - November 2015, we have audited the project period from 01st June till 30th September in the amount of 13,821.69 GBP or 19,070.14 EUR. On April - May 2016 we have audited the second period of the project from 01st October 2015 till 31st March 2016 in the amount of 35,181.43 GBP or 47,817.71 EUR.

The following table gives the overview of the financial report of the whole project "Civil Society for Transparent Governance in Northern Kosovo" for the period 1st June 2015 till 31st March 2016:

		June, 2015 March, 2016	June, 2015 March, 2016
	Notes	(in EUR)	(in GBP)
Income from British Embassy			
Income - British Embassy	3	66,888	49,003
Income from British Embassy		66,888	49,003
Expenses			
Human Resources	4	23,821	17,424
Project Activities	5	34,914	25,520
Administrative Expenses	6	8,153	6,059
Total Expenses		66,888	49,003
Exceed of Income over Expense		-	-

The financial report has been signed on May 2016.

Dušan Radaković

Executive Director

The accompanying notes from 1 to 7 form an integral part of this financial report

1. INTRODUCTION

Advocacy Center for Democratic Culture (ACDC) is a local Civil Society Organization (CSO), based in North Mitrovica, Kosovo, which was established in December 2011.

The goal of the organization is to improve the engagement of a multiethnic population in Mitrovica region and raise the awareness of the citizens about democratic culture.

Planning and organizing multi-ethnic seminars to provide informal education for groups of all ages and ethnicities. Activities are planned according to the stated priorities of the population of Mitrovica. ACDC plans and organizes multi-ethnic sports and cultural events (music concerts, photo exhibitions, sports activities) and intercultural exchange also.

The official purpose of the organization is active social activism of a population in multiethnic region of Mitrovica, through the organization of educational, cultural, sports activities, and improvement of social life of all generations and groups. Organization plans and conducts its activities based on the priorities of population in Mitrovica region.

Organization cooperates with other civil society organization in the implementation of its projects and actions. In addition, ACDC establishes close cooperation with local governments and local institutions.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING PRINCIPALS

a. Basis for preparation

The project report for FCO was prepared on the cash receipt and disbursement basis. According to these basis, sources of funds are recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred.

b. Documentation

Financial documents are kept in monthly files and put into a folder. Contracts and staff files are separated from other expenses files. Expenses are kept separate in folders according to different projects.

c. Accounting Software

ACDC from January 2016 applies a double entry accounting system. All financial transactions are recorded on QuickBooks accounting software with the help of which is possible to be generated comprehensive financial statements of financial activity of organization for the specific period.

d. Cash and cash equivalents

The organization keeps a separate account with Pro Credit Bank in Kosovo for accepting inflows related to FCO projects, and for performing payments of these projects.

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3. INCOME FROM BRITISH EMBASSY

The organization, according to its monthly project expenses, has prepared invoices. Exchange rate was taken by British Embassy officer on monthly basis, who was responsible for the project. There were 10 invoices issued from the period of 1st June 2015 till 31st March 2016, based on which the installments from British Embassy were made.

The total amount received during this period was 49,003.12 GBP or 68,887.85 EUR as presented in table below:

	June, 2015 March, 2016		June, 2015 March, 2016
	(in EUR)	Exchange Rate	(in GBP)
Income from British Embassy			
Opening balance	-		-
First Installment received on Aug 08, 2015	2,769	1£ = 1.4200€	1,950
Second Installment received on Aug 08, 2015	5,928	1£ = 1.4200€	4,175
Third Installment received on Sep 14, 2015	2,698	1£ = 1.3700€	1,969
Fourth Installment received on Oct 09, 2015	7,675	1£ = 1.3400€	5,727
Fifth Installment received on Nov 04, 2015	13,539	1£ = 1.3400€	10,103
Sixth Installment received on Nov 27, 2015	7,445	1£ = 1.3956€	5,335
Seventh Installment received on Dec 31, 2015	12,760	1£ = 1.4211€	8,979
Eighth Installment received on Feb 02, 2016	3,699	1£ = 1.3592€	2,722
Nineth Installment received on Feb 26, 2016	4,814	1£ = 1.3153€	3,660
Tenth Installment received on Mar 16, 2016	5,561	1£ = 1.2688€	4,383
Total income from British Embassy	66,888		49,003

4. HUMAN RESOURCES

	June, 2015 March, 2016 (in EUR)	June, 2015 March, 2016 (in GBP)
Human Resources		
Project Manager	8,343	6,113
Municipal Coordinator 1	4,097	3,002
Municipal Coordinator 2	4,097	3,002
Finance and Quality control Officer	3,829	2,806
Expert trainer	3,455	2,501
Total Human Resources	23,821	17,424

5. PROJECT ACTIVITIES

Throughout the period of project implementation, consultative meetings were held with local self-governments and CSO-s. Accordingly, trainings on reporting skills, monitoring skills, anti-corruption mechanisms and legal requirements on transparent governance were held. Awareness on anti-corruption mechanisms and importance of transparent governance was raised, beside public discussions, also through media presentation. Also the conference with Anticorruption Agency (Dec, 2015) and with Ombudsperson (Feb, 2016), were organized and held in Northern Mitrovica.

Expenditures during the period of the project were supported by original source documents such as receipts, invoices, contracts, payment vouchers, cash receipts and bank statements. Various events during project implementation period such as conferences, meetings and trainings were documented by invitation letters with agenda, participant list, photos, announcement materials etc.

	June, 2015 March, 2016 (in EUR)	June, 2015 March, 2016 (in GBP)
Project Activities		
Training lunches and refreshments	5,529	4,002
Training materials	1,100	796
Training transport for participants/trainer	580	421
Public discussion	2,379	1,754
Conferences - refreshment, transport, moderator, translator	3,417	2,609
Focus groups - refreshment, transport, moderator, translator	2,192	1,596
Meetings - representation costs	820	602
Consultative seminars - Mitrovica	1,085	810
Consultative seminars - Brezovica	3,208	2,394
Presentation of draft Anti-Corruption Action plans	581	409
Designer	617	450
Promotional campaign-Posters/Flyers	1,118	810
Promotional campaign-TV and Radio	2,768	2,007
Promotional campaign-Billboards	2,900	2,041
Promotional campaign-Brochures	1,450	1,020
Expert Consultant	4,076	3,000
Volunteers/Researchers	1,094	800
Total Project Activities	34,914	25,520

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6. ADMINISTRATIVE EXPENSES

	June, 2015 March, 2016 (in EUR)	June, 2015 March, 2016 (in GBP)
Administrative Expenses		
Office Rent	3,021	2,213
Office supplies	1,121	821
Utilities	815	597
Travel costs	695	509
Audit - interim report and final	2,500	1,918
Total Administrative Expenses	8,153	6,059

7. INCURRED INCOME AND EXPENSES DURING THE PROJECT PERIOD

Below, in Table 1 are presented all incomes and expenditure for the project during the implementation period 01st June 2015 – 31st March 2016.

	Notes	Initially Approved Budget	Incurred Project Inc./ Exp. Jun 2015 - Sep 2015		Incurred Project Inc./ Exp. Oct 2015 - March 2016		Total Incurred Project Income/Expenses		Variance
		(in GBP)	(in EUR)	(in GBP)	(in EUR)	(in GBP)	(in EUR)	(in GBP)	(in GBP)
Installments from British Embassy									
Incomes	3	49,020	19,070	13,822	47,818	35,181	66,888	49,003	17
Total Installments from British Embassy		49,020	19,070	13,822	47,818	35,181	66,888	49,003	17
Expenses									
Administration	4	17,400	10,032	7,234	13,789	10,190	23,821	17,424	(24)
Project Activities	5	25,520	6,688	4,894	28,227	20,627	34,914	25,520	(0)
Administrative Expenses	6	6,100	2,350	1,694	5,802	4,365	8,153	6,059	41
Total Expenses		49,020	19,070	13,822	47,818	35,181	66,888	49,003	17
Exceed of Income over Expense		-	-	-	-	-	-	-	-

Table 1

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The Table 2 below presents the whole expenditures per month made by ACDC, in GBP currency. Because the initially approved budget was in GBP, in Table 2 are also presented the comparison and variances between approved budget and expenditures incurred during the 10 months project period.

Project period from 01 June 2015 till 31 March 2016														
Activity	Approved Budget £	Jun £	Jul £	Aug £	Sep £	Oct £	Nov £	Dec £	Jan £	Feb £	Mar £	Total (£)	Variances	
1 Project Manager	6,100	599	599	632	624	610	610	610	610	610	610	6,113	-13 -0.21%	
2 Municipal Coordinator 1	3,000	292	292	311	307	300	300	300	300	300	300	3,002	-2 -0.07%	
3 Municipal Coordinator 2	3,000	292	292	311	307	300	300	300	300	300	300	3,002	-2 -0.07%	
4 Finance and Quality control Officer	2,800	275	275	290	286	280	280	280	280	280	280	2,806	-6 -0.21%	
5 Expert trainer	2,500	0	739	0	511	500	625	125	0	0	0	2,501	-1 -0.03%	
6 Training lunches and refreshments	4,000	0	1,183	0	818	797	1,001	202	0	0	0	4,002	-2 -0.05%	
7 Training materials	800	0	235	0	159	160	201	42	0	0	0	796	4 0.54%	
8 Training transport for participants/trainer	420	0	148	0	101	101	50	21	0	0	0	421	-1 -0.15%	
9 Public discussion	1,750	0	0	0	0	1,400	0	354	0	0	0	1,754	-4 -0.23%	
10 Conferences - refreshment, transport, moderator, translator	2,700	0	0	0	0	0	0	512	0	598	1,499	2,609	91 3.36%	
11 Focus groups -refreshment, transport, moderator, translator	1,600	0	0	0	406	401	401	388	0	0	0	1,596	4 0.25%	
12 Meetings -representation costs	600	0	59	0	184	60	60	60	118	61	0	602	-2 -0.29%	
13 Consultative seminars - Mitrovica	800	0	0	0	410	399	0	0	0	0	0	810	-10 -1.21%	
14 Consultative seminars - Brezovica	2,400	0	0	0	1,191	1,203	0	0	0	0	0	2,394	6 0.25%	
15 Presentation of draft Anti-Corruption Action plans	400	0	0	0	0	0	0	409	0	0	0	409	-9 -2.21%	
16 Designer	450	0	0	0	0	150	0	200	0	100	0	450	0 0.00%	
17 Promotional campaign-Posters/Flyers	800	0	0	0	0	200	201	211	199	0	0	810	-10 -1.25%	
18 Promotional campaign-TV and Radio	2,000	0	0	0	0	500	500	507	500	0	0	2,007	-7 -0.35%	
19 Promotional campaign-Billboards	2,000	0	0	0	0	0	0	2,041	0	0	0	2,041	-41 -2.03%	
20 Promotional campaign-Brochures	1,000	0	0	0	0	0	0	1,020	0	0	0	1,020	-20 -2.03%	
21 Expert Consultant	3,000	0	0	0	0	1,000	0	1,000	0	1,000	0	3,000	0 0.00%	
22 Volunteers/Researchers	800	0	0	0	0	400	400	0	0	0	0	800	0 0.00%	
23 Office Rent	2,200	218	218	228	225	220	220	225	220	220	220	2,213	-13 -0.61%	
24 Office supplies	800	154	42	84	86	80	76	54	85	81	80	821	-21 -2.66%	
25 Utilities	600	56	56	62	61	60	60	61	60	60	60	597	3 0.43%	
26 Travel costs	500	64	36	51	52	50	50	56	50	49	50	509	-9 -1.77%	
27 Audit - interim report and final	2,000	0	0	0	0	933	0	0	0	0	985	1,918	82 4.10%	
Total	49,020	1,950	4,175	1,969	5,727	10,103	5,335	8,979	2,722	3,660	4,383	0	49,003	17 0.034%

Table 2

In Table 3 are presented expenditures made by month for the whole 10 month project period, in EUR currency.

Project period from 01 June 2015 till 31 March 2016													
Activity	Jun €	Jul €	Aug €	Sep €	Oct €	Nov €	Dec €	Jan €	Feb €	Mar €	Total €		
1 Project Manager	850	850	866	836	817	851	867	829	802	774			8,343
2 Municipal Coordinator 1	415	415	426	411	402	419	426	408	395	381			4,097
3 Municipal Coordinator 2	415	415	426	411	402	419	426	408	395	381			4,097
4 Finance and Quality control Officer	390	390	398	384	375	391	398	381	368	355			3,829
5 Expert trainer	0	1,050	0	685	670	872	178	0	0	0			3,455
6 Training lunches and refreshments	0	1,680	0	1,096	1,069	1,397	288	0	0	0			5,529
7 Training materials	0	333	0	213	214	280	60	0	0	0			1,100
8 Training transport for participants/trainer	0	210	0	135	135	70	30	0	0	0			580
9 Public discussion	0	0	0	0	1,876	0	503	0	0	0			2,379
10 Conferences - refreshment, transport, moderator, translator	0	0	0	0	0	0	728	0	787	1,901			3,417
11 Focus groups -refreshment, transport, moderator, translator	0	0	0	544	538	559	551	0	0	0			2,192
12 Meetings -representation costs	0	84	0	247	80	84	85	160	80	0			820
13 Consultative seminars - Mitrovica	0	0	0	550	535	0	0	0	0	0			1,085
14 Consultative seminars - Brezovica	0	0	0	1,596	1,612	0	0	0	0	0			3,208
15 Presentation of draft Anti-Corruption Action plans	0	0	0	0	0	0	581	0	0	0			581
16 Designer	0	0	0	0	201	0	284	0	132	0			617
17 Promotional campaign-Posters/Flyers	0	0	0	0	268	280	300	270	0	0			1,118
18 Promotional campaign-TV and Radio	0	0	0	0	670	698	720	680	0	0			2,768
19 Promotional campaign-Billboards	0	0	0	0	0	0	2,900	0	0	0			2,900
20 Promotional campaign-Brochures	0	0	0	0	0	0	1,450	0	0	0			1,450
21 Expert Consultant	0	0	0	0	1,340	0	1,421	0	1,315	0			4,076
22 Volunteers/Researchers	0	0	0	0	536	558	0	0	0	0			1,094
23 Office Rent	310	310	312	301	295	307	319	299	289	279			3,021
24 Office supplies	219	60	115	115	107	106	77	115	107	101			1,121
25 Utilities	80	80	85	82	80	84	87	82	79	76			815
26 Travel costs	90	52	70	70	67	70	80	68	65	63			695
27 Audit - interim report and final	0	0	0	0	1,250	0	0	0	0	1,250			2,500
Total	-	2,769	5,929	2,698	7,675	13,539	7,445	12,760	3,699	4,814	5,561	0	66,888

Table3