SIT
Center for Counseling, Social Services and Research

Financial Statements

2019

Content

Independent Auditor's Report on the Audit of Financial Statements

SIT - Center for Counseling, Social Services and Research

Fehmi Agani H-1, Nr.16
Prishtina

Reserved opinion

We have audited the financial statements of the **Center for Counseling, Social Services and Research-SIT**, respectively the statement of financial position as at 31 December 2019, the statement of income, the statement of changes in equity and the statement of cash flows, for the year ended on that date, and notes to the financial statements, including a summary of the most important accounting policies.

In our opinion, with the exception of the possible effects of the case, described in the paragraph "Other Matters", the financial statements present correctly, in all material respects, the financial position of the **Center for Counseling, Social Services and Research-SIT**, as of 31 December 2019, of financial performance for the year ended on that date and are in compliance with International Financial Reporting Standards for Small and Medium Enterprises.

Basis for Reserved Opinion

The audit was performed in accordance with International Standards on Auditing.

Our responsibilities are described in the Auditor Responsibilities section in auditing the financial statements of this report.

We confirm the independence of the organization in accordance with the Code of Ethics for Professional Accountants of the International Board of Standards of Ethics (IESBA Code) together with the requirements that are relevant when auditing financial statements in Kosovo, and we have fulfilled our ethical responsibilities in accordance with these request.

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

Other matters

The comparative financial statements for 2018 have not been compiled according to International Financial Reporting Standards for small and medium enterprises and have not been audited.

Our opinion regarding the current year statements has not been affected by these issues.

Responsibilities of the management and persons in governance for the financial report

Management is responsible for the preparation and fair presentation of financial statements in accordance with IFRS-SMEs and for controls that management considers necessary to enable the preparation of financial statements without material defects, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to follow through on the going concern hypothesis, disclosing, if applicable, issues related to the going concern hypothesis and using the accounting basis on a going concern basis. intended to liquidate or discontinue the activities of the organization, or there is no alternative but to do so.
The persons in charge of governance are responsible for overseeing the organization's financial reporting process.

Auditor responsibilities in auditing financial statements

Our objectives are to obtain reasonable assurance whether the financial statements as a whole do not contain material misstatement, whether due to fraud or error, and to provide an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but there is no guarantee that auditing performed to the standards will always reveal material anomalies if they exist. Anomalies may arise as a result of fraud or error and are considered to be material if, individually or in combination, they can reasonably influence the decision made by users based on these financial statements.
As part of auditing in accordance with the standards, we have exercised professional judgment while maintaining professional skepticism throughout the audit.

We are also responsible for:
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures in response to these risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of non-disclosure of material misstatement due to fraud is higher than that caused by errors, as fraud may involve collusion, forgery, intentional non-involvement, misinterpretation or circumvention of controls.
- We gain knowledge of internal controls that are relevant to the audit in order to plan audit procedures that are appropriate to those circumstances, but not in order to give an opinion on the effectiveness of the organization's internal controls.
-Assess the adequacy of the accounting policies used, the reasonableness of the accounting estimates and the relevant disclosures by management.
- Conclude on the appropriateness of the going concern principle used by management and based on the audit evidence obtained, if there is any material uncertainty about the events or conditions that may cast significant doubt on the organization's ability to continue to exist. If we conclude that there is material uncertainty, we are required to pay attention to the audit report, the relevant disclosure of the financial statements, or in the event that such disclosure is insufficient, we modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report.

However, future events and conditions may cause the organization to discontinue its activities.
-Assess the overall presentation, structure and content of the financial statements, including disclosures, if the financial statements represent relevant transactions and events in order to achieve a fair presentation.

We have communicated with the persons in charge of governance, among other things, regarding the planned scope, timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during our audit.

Prishtina 24.09.2020.

Audit Office Shpk
Ulpiana D1/7 H-8
Shaban Muharremi, Statutory Auditor
044 112-036.

SIT - Center for Counseling, Social Services and Research
Statement fo Comprehensive Income

01. janary- 31. december

Në €	Note	2019	2018
Income			
Donations	1	67,649	12,363
Total revenues		**67,649**	**12,363**
Expenses			
Operational and administrative exp.	2	67,649	12,363
Total expenses		**67,649**	**12,363**
Operating profit / loss		-	-
NET Operating profit / loss		-	-

See attached explanations for assets and liabilities

SIT - Center for Counseling, Social Services and Research

Statement of financial Position

On 31. December

In €	Note	2019	2018
I Assets			
A Current Assets			
Cash	3	27,138	48
Total Current Assets		**27,138**	**48**
B Non-Current Assets		-	-
Total Assets A+B		27,138	48
II Liabilities			
A Current Liabilities			
Accounts Payable	4	3,589	-
Defferred Income	4,6	23,502	-
Total current liabilities:		27,091	-
B Non-Current Liabilities		-	-
Total Liabilities A+B		27,091	-
III Equity	5	48	48
Total Equity and Liabilities		27,138	48

See attached explanations on assets and liabilities

Kadri Gashi
Executive Director

SIT - Center for Counseling, Social Services and Research

Statement of changes in equity

For the year ended on 31 December 2019

	Share Capital	Deferred Income	Other reserves	Total
Balance on 1 January 2018	-	-	-	-
				-
Surplus/lack of funds				-
Differences from foreign exchange				-
Dividends				-
Additional capital deposits				-
Reserve allocation	48			48
Balance on 31 December 2018	48	-	-	48
Surplus/lack of funds		27,091		27,091
Differences from foreign exchange				-
Dividends				-
Additional capital deposits				-
Reserve allocation				-
Balance on 31 December 2019	48	27,091	-	27,138

See attached explanations on assets and liabilities

SIT - Center for Counseling, Social Services and Research

Statement of Cash Flow

	2019	2018
I Cash Flow from Operating Activities:		
Deferred Income +/-	**23,502**	**48**
Adjustments for non-cash items of expenditure and revenue		
	-	-
Changes in assets and operating liabilities		
(Increase) / decrease in accounts receivable trading and other	3,589	
	3,589	-
I Net cash flow from Opearting activities	**27,091**	**48**
II Cash Flow from Investing ACTIVITIES		
II Net cash flow from Investing activities	-	-
III Cash Flow from Financing Activities		
III Net cash flow from Financing Activities	-	-
INCREASE / (DECREASE) NET Cash AND Cash EQUIVALENTS	27,091	48
Cash and Cash Equivalents at the beginning of the year	48	-
Cash and Cash Equivalents at the end of the year	27,138	48

See attached explanations on assets and liabilities

SIT - Center for Counseling, Social Services and Research

Accompanying Notes on Statements

	2019	2018
1.Donations:		
Young Men Initiative (YMI), CARE International In Balkan	26,075	
Ministry of Education	20,000	
Regional Youth Cooperation Office	15,862	
Kosovar Civil Society Foundation	14,570	
Ministry of Agriculture	10,603	
Prishtina Municipality	2,000	
Other	2,040	-
Total Donations:	**91,150**	**12,363**
2. Expenses by nature		
2/1 Personnel Costs	**32,459**	**6,301**
Salaries (Gross+5% by employer)	32,459	6,301
<u>2/2 Other operating and administrative expenses</u>	**35,190**	**6,061**
Office expenses – printing,copying	856	-
Equipment	5,960	848
Rent, Rent Tax	4,286	2,452
Membership	90	-
Telephone, internet, ptt	760	269
Maintenance	1,318	-
Electricity, water, waste, heating	264	523
Bank commission	276	90
Transport, travel, fuel	2,673	102
Activities, promotions, meetings	17,883	326

SIT - Center for Counseling, Social Services and Research

Accopmpanying notes on statements - continoued

	2019	2018
Professional Services (Audit, translations, legal, trainings)	600	-
Other	223	1,451
Total expenses by nature	**67,649**	**12,363**

3. Cash and Cash Equivalents

	31.12.2019	31.12.2018
RBKO - 2009	13.73	-
RBKO - 11815	6,923.96	-
RBKO - 2203	13,959.50	-
RBKO - 3930	5,304.92	47.59
Cashier	936.38	-
Totali i parasë:	**27,138.49**	**47.59**

4. Current liabilities

A/P for services	209	
Loans	3,380	-
Total current liabilities	**3,589**	**-**

5.Opening Balance on 01.01.

5/1 Cash		**48**
Bank		48
		48

6. Deferred Income – loss for the year

6. Deferred Income – loss for the year	**23,502**	**-**
Deferred Income	23,502	-

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General information and governing structure

The Center for Counseling, Social Services and Research-SIT, is registered as a non-governmental organization according to **Law no. 06 / L-43 "Freedom of Association in NGOs"**, with NF 60720818 from 24. January 2008.
The full name is **"Center for Counseling, Social Services and Research" abbreviation "SIT"**.
The highest governing body is the Assembly of Members which has the highest responsibility for policy and financial matters.
The organization as the governing body has the Executive Board as the highest executive body for directing and controlling the work and assets.

Specific activities and examination areas

SIT has the mission of providing professional counseling services, research in various fields, as well as the prevention of negative phenomena in order to contribute and improve health and social welfare. From the beginning it has focused on research and capacity building of teachers and other actors, since 2018, it has changed and expanded its objectives and now works in three areas, providing professional services, counseling perpetrators of violence, promotion of human rights, gender equality, healthy living, prevention of violence and prevention of negative phenomena in the community.
The organization aims to serve and be in three areas:
- Counseling center,
- Social services and
- Research

Some of the activities implemented during 2019 are:
- Counseling sessions with perpetrators and those who had a predisposition to be violent;
- Promotion of human rights through the YMI project, in high schools and in public and private universities;
- Lecture on gender equality through workshops in high schools, universities and various events;
- Organizing various campaigns for the prevention of any kind of violence in the community;
- Promoting positive parenting and the inclusion of boys and men in gender equality by organizing various events, as well as debates to prove parental leave and healthy cohabitation;
- Promotion of sexual and reproductive rights through the network of local organizations in Kosovo;
- Promoting mental health and sexual health;
- Piloting the program for prevention of extremism and violent radicalization among young people, through workshops, activities and organization of summer camps;
- Various researches related to social and economic fields;

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Adoption of New or Revised Reporting Standards (IFRS) and Interpretations

Adoption of IFRS 16 Leasing and IFRS 4 Determining whether a contract contains a lease"

The Organization has adopted IFRS 16 and IFRS 4 as of January 1, 2019. IFRS 16 provides the accounting model for the lessee, requiring recognition of assets and liabilities for all leases, together with the option to exclude leases of equal or shorter term than 12 months, or when the property under lease is of low value. IFRS 16 is substantially similar to IAS 17 in terms of the lessor, bearing the distinction between operating and financial leasing. The Organization has no significant activities as a lessor.

Methods used during the transition and in practice

The organization has chosen to apply the practical way not to re-evaluate whether a contract is, or contains a lease on the date of application of the standard. Contracts prior to the transition date that were not identified as leases under IAS 17 and IFRS 4 were not revalued. The definition of leasing under IFRS 16 applies only to contracts that entered into force on or after 1 January 2019.

The Organization has implemented several practical ways permitted under IFRS 16 for leases previously classified as operating leases under IAS 17:

- Implement a single discount rate for leasing portfolios that reasonably have similar characteristics;
- Exclusion of direct costs from the measurement of property with use right at the date of initial application for leases where the property with use right is determined as IFRS 16 has been applied from the effective date;
- Rely on previous assessments whether leasing is difficult against preparing a impairment review under IAS 36 at the date of initial application; and
- Application of the exemption not to recognize assets and liabilities with the right of use for leases with a remaining term shorter than 12 months on the date of initial implementation.

New standards, interpretations and changes that are not yet effective

There are some standards and standard changes that have been published by the IASB that are effective for Future accounting periods that the organization has decided not to adopt earlier.

The most significant are the following, all of which are effective for the period beginning on 1 January 2020:

• IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Definition of Materiality)

• IFRS 3 Business Combinations (Amendment - Business Definition)

• Revised Conceptual Framework for Financial Reporting;

Objective and qualitative characteristics of financial statements

Identification and objectives of financial statements

The financial statements are clearly identifiable and distinguishable from other information.
Name of reporting unit, individual unit covered, period covered, reporting currency and rounding of amounts in euros, are prominently presented and repeated when necessary for the correct understanding of the information presented.
Page titles and abbreviated titles are presented in the columns of each page in the financial statements.
The financial effects of transactions and other events by grouping them into broad classes according to their economic characteristics.
All items of income and expense recognized during the period are included in profit or loss.
We do not have extraordinary items of income or expense, neither in the income statement nor in the explanatory notes.
Material items of income and expense are presented separately by nature and amount.
FS provide sufficient information about the financial condition, financial result and changes in financial condition that are useful to users in making economic decisions, meet the needs of most users and reflect the care shown by management to the resources entrusted to them .
They are understandable to users with a reasonable knowledge of the organization, operations and accounting.

Statements on compliance and important accounting policies

In the absence of a Standard or Interpretation applicable specifically to a transaction, event or other condition, management has used its judgment in developing and enforcing accounting policies that have resulted in information that is reliable.
To meet the obligations required by the Accounting Standards, we have assessed that it is not necessary to disclose information about all claims.
We are able to provide additional information if compliance with any specific requirements of Accounting Standards is insufficient.
In case of need, we have the opportunity to disclose the nature and amount of the change in accounting estimate that has effects in the current period or when it is expected to have effect in future periods, except when disclosing the effect for future periods when it is inapplicable to assess this effect.
There have been no changes in accounting estimates that represent an adjustment in respect of an increase in an asset or liability that arises as a result of new information or new developments that are not error corrections.
Assets and liabilities, income and expenses are reported separately.
The organization uses the dual-entry application (Quick books), from which the information for compiling financial reports is derived.

Declaration of Conformity

Financial reports have not been prepared in accordance with International Accounting Standards

Statements on compliance and important accounting policies

and International Financial Reporting Standards for small and medium-sized enterprises as there are no comparative financial statements.
The operating cycle is a period of 12 months.

Use of evaluations and judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions which affect the application of policies and reported amounts of assets and liabilities, income and expenses.
Actual results may differ from these estimates.
Estimates and assumptions are constantly reviewed. Reviews of accounting estimates are recognized in the period in which the estimate is reviewed and in future periods if they are affected.
Information on important elements in assessing uncertainties and critical judgments about the application of accounting policies that have a material effect on the carrying amounts in the financial statements is provided in the Summary of Significant Accounting Policies.

Recognition- An inclusion in the balance sheet or income statement of a transaction is made when it is probable that any future economic benefits associated with the transaction will flow to / or from the entity and the transaction has incurred a cost or value that can be measured reliably.

Measurement is the process of determining the monetary amounts by which they will be recognized and carried in the balance sheet and income statement.
This involves choosing a specific evaluation basis.
As a measure of the position in the Financial Statements is the historical cost.

Net reporting basis

Gains and losses arising from a set of similar transactions are reported on a net basis, gains and losses on exchange rates or gains and losses on financial instruments held for trading.
However such gains and losses when they are material are reported separately.

Classification of activities and liabilities

Activities and liabilities are presented according to the short-term-long-term principle;
The financial liability to be settled within twelve months from the balance sheet date, for which the organization has not had any unconditional right to defer its settlement for at least twelve months from the balance sheet date, is classified as a short-term liability.

Accounting on the basis of established rights and obligations

The organization has prepared financial statements, using accounting on the basis of established rights and obligations.

Statements on compliance and significant accounting policies- continuation

Materiality and union

Absence or misstatement of items that are material, if individually or collectively can influence users' economic decisions
of financial statements, there was not.
Each material class of similar items is presented together in the financial statements. Items that are not of the same nature or function are presented separately unless they are intangible.
The item that is not individually material is joined to other items in the relevant statement and clarified in the notes.

Compensation

Assets and liabilities, income and expenses are not reimbursed unless this was required or permitted by a Standard or an Interpretation.

Accrual principle (moment of submission of the transaction)

The financial reports are prepared according to the accrual principle, this means that the funds are recognized at the time of receipt, while the expenses are recognized at the time of occurrence, in most cases the moment of occurrence is identical to the moment of payment.
The accrual principle makes it possible for the effects of change, whether the increase or decrease of wealth, to be recognized from the moment they appear, regardless of the moment money enters or leaves it.

Principle of going concern

The financial statements have been prepared on the assumption that the organization has the capacity and intent to continue and will continue to operate in the near future and has no plans to liquidate or reduce its activities.
As in most local and international organizations, as well as in local and national institutions, we as SIT are facing various challenges, because our target groups are the above-mentioned institutions and the pandemic has affected that most collaborations have been postponed or suspended indefinitely. However, we have turned all the activities in the virtual way and from the period March-September 2020 we are working in this way.

Personnel

The staff is of different qualifications but they dominate with directions related to the objective.
Evidence on staff, employment contracts, CVs and other personal documentation are archived in a separate register.
The responsibilities, rights and duties of staff are defined in the job description and are attached to employment contracts.
Contracts and personnel records are separate from other records.

Important accounting policies-continued

Accounts receivable and accounts payable

Accounts Receivable and Accounts Payable and other payables are presented at their fair value.

Assets

Assets are recorded at the amount of cash or cash equivalents paid or at the fair value required to purchase at the time of purchase.

The Financial Report does not represent the financial condition of the assets, as all purchases have charged the expenses of the year when they were purchased, and the organization has off-balance sheet records of inventories purchased from donations.

Depreciation

Depreciation is calculated using the straight-line method, once a year at different rates depending on the type of
property or equipment and depending on the duration of use in the current year.

There are no depreciation amounts included in expenses as all purchases charge current year expenses

Intangible assets

The organization has no assets classified in this category in the statement of financial position.

Capital

The organization has presented the statement of changes in equity between the two balance sheet dates showing the increase or decrease in its net assets during the period.

Information about capital is provided by the organization because it is useful to users of general purpose financial statements.

Cash and cash equivalents

Cash is presented in fair value at present, starting with the physical presence at the cash register and those in the bank accounts.

Cash is generated from cash inflows and cash equivalents.

The organization has bank accounts with RBKO in Prishtina.

Payments and collections are made from this account and from the cash register.

Reporting currency

The reports of the organization and all financial reports issued are expressed in Eur (€) which is known as the reporting currency in Kosovo.

Foreign currency transactions, currency risk

Foreign currency transactions are exchanged in Euro (€), using the exchange rate of that
to date, foreign exchange differences, whether profit or loss, are automatically presented in the income statement. At the end of the period, monetary positions were reported using the exchange rate valid at the last trading day.

The sources of the organization and all financial reports issued are expressed in €.

Important accounting policies-continued

Currency risk presents the risk that the direct value or cash flow or any monetary assets will change in the future due to changes in exchange rates.
In cases where inflows of funds in currencies other than Euro are presented, the conversion is done by the bank using the current exchange rate of the bank.
Any exchange difference arising from the recognition of a monetary item at a different rate than that initially recognized during the period, or recognized in previous financial statements, is recognized in profit or loss.

Financial Risk

The organization does not use financial instruments, therefore the exposure to this risk is low. Alternatively, financial risk management includes policies and processes for accepting, measuring, monitoring and controlling risk, which include:
Structure and organization of risk management functions including handling independence and accountability;
Scope and nature of systems or risk measurement;
Processes for monitoring the continued effectiveness of these safeguards or mitigation measures.

Operational Risk

Operational Risk is reflected as a risk to the financial result and wealth of the organization due to personnel issues, insufficient procedures and insufficient management of information systems and due to unexpected external events. The organization controls these risks through strict oversight and appropriate risk response. Control means effective segregation of duties, limited access, authority, and staff training related to internal audit. The organization manages risk control through regular risk monitoring, establishing the right process and database, protecting information and security from theft and fraud.

Liquidity risk

Represents the risk of inability to meet the current need for funding and compliance
of short-term liabilities.
The risk that the organization will encounter difficulties in meeting the obligations related to the obligations
due to the possibility (which can often be remote) that an entity may be required to pay its liabilities earlier than expected.
Short-term assets are worth the same as short-term liabilities.

Market Risk

Presents the risk of financial loss due to changes in the market caused by: changes in currency, instability of the financial system, reduced bank reliability,
financial instability of partners, maturity period, funds, duration of procedures, market research, competitive prices, variety of products.
The organization considers as a market risk the decrease of the real value or cash flows of a financial demand due to the change of market prices.

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Important accounting policies-continued

The organization does not have material information about risk exposure from very different economic environments.
The organization is exposed to only one type of market risk within a single economic environment, so it has not shown any specific information or sensitivity analysis to show the effect on profit or loss and equity.

Donations, income from participation

During 2019, the organization has recognized funds from all sources, according to bank accounts, disclosed in the Notes.
Revenues are presented in the Income Statement in fair value at the date of receipt by the bank or cashier. These funds have been available for use and are in cash.
Donations are not fully recognized, as they are not spent, ie are treated as deferred income that remains to be used for the next period.

Expenses

Expenditures are recognized in the income statement when a decrease in economic benefits associated with a decrease in an asset or an increase in a liability has been incurred and has been measured reliably. Expenditures are grouped in the income statement according to their function. The recognition of expenses occurred simultaneously with the recognition of the increase in liabilities or the decrease in assets.
Expenses are recognized at their historical cost, they are expressed in real amount when the expense occurred.

Personnel

The cost of staff is paid to employees and employees with service contracts at the completion of the foreseen tasks. Payments are made through the bank account with transfers, after they have signed and presented the evidence on the time of commitment.

Pension contributions

Pensions are calculated according to the applicable law on pensions; 5% are paid by the employee and 5% by the organization.
Payment and reporting deadlines have been met.
The organization does not have a pension fund or payment options in the form of shares, for employees, on this basis there are no liabilities identified on 31.12.

Payroll tax

Income tax was withheld and paid on time, according to monthly rates.

Administrative expenses Administrative expenses include expenses of management work in the organization, executive services, finances and administration, those of the office work process for the realization of the basic goals of the organization. Banking provision is based on the bank statement.

Important accounting policies-continued

Taxes (withholding tax)

The organization as a non-governmental organization, non-profit, registered as after the law 06 / L-43 "Freedom of association in non-governmental organizations" is subject to personal income tax in Kosovo Law 05 / L-028. The entity also respects the law L-03 / L-084, "On pensions in Kosovo", with the calculation and payment of personal income taxes.
The organization is not liable to Corporate Income Tax according to Law L-06 / L-105 "Corporate Income Tax" as it has not realized commercial income.
The organization respects and fulfills the obligation of Law no.05 / L-028 for withholding 9% of gross rent at the time of payment.

Related Parties

As a related party transaction, where one party has the ability to control the other party or has significant influence over the other party in making financial and business decisions for the transfer of claims and liabilities (business contracts with employees and businesses related to the directorate or with any joint ownership), have not occurred.

Loans

Loans are recognized at their face value plus associated costs such as fees, potential discounts and other loan related expenses. Loans denominated in currencies other than € are recorded at the historical exchange rate and retranslated at the last exchange rate of the reporting date.
Exchange differences are reflected in the income statement either as profit or loss.
Borrowing costs are recognized as an expense of the period in which it is incurred.
Interest expenses are recorded under the effective interest method and are included in financial expenses.
Loans payable are financial liabilities, different from short-term trade payables with normal (ordinary) loan terms.
The organization has no borrowing costs.

Reserves

The organization has not allocated financial reserves.

Dividends

The organization as a non-profit NGO, has not declared the amount of dividends known as net distribution during the period, as well as the respective value per share.

Commitments

There are no commitments related to capital expenditures, financial leasing or operating.

Contingent assets and liabilities

There are no evidenced court cases or deposits related to the organization, its directors or employees that may result in future liabilities of the organization.

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Important accounting policies-continued

Events after the end of the reporting period

Events after the end of the reporting period include all events up to the date of authorization of the financial statements for publication.

As an influential event that increases uncertainty and is happening, we consider the spread of the COVID-19 pandemic that has caused limitation in human mobility. The government has taken a number of decisions and temporarily banned the operation of many economic activities.

This crisis is expected to have significant economic effects on entities, either due to restrictions on production, trade and consumption, or due to circulation bans.