

Action for Mothers and Children

Financial Statements as at and for the year ended
December 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the management of Action for Mothers and Children

We have audited the accompanying financial statements of Action for Mothers and Children (the "Organization"), which comprise the statement of financial position as at December 31, 2014, and the statement of profit or loss and other comprehensive income, statement of changes in fund balances and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte Kosova sh.p.k.

Prishtina, Kosova
March 30, 2015

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Action for Mothers and Children
Statement profit or loss and other comprehensive income
for the year ended December 31, 2014

(Amounts expressed in EUR)

	Notes	Year ended December 31, 2014	For the period from May 23, 2013 to December 31, 2013
Income from donations	4	54,023	12,758
Total Income		54,023	12,758
Personnel expenses	5	(24,864)	(9,585)
Other operating expenses	6	(29,159)	(3,173)
Deficit from operations		(54,023)	(12,758)
 Deficit for the year		 -	 -
Other comprehensive income/expense		-	-
 Total comprehensive expense		 -	 -

Authorized for issue by management and signed on its behalf on March 30, 2015:


Mrika Aliu
Executive Director

The accompanying notes from 8 to 18 form an integral part of these financial statements

Action for Mothers and Children
Statement of financial position as at December 31, 2014
(Amounts expressed in EUR)

	Notes	As at December 31, 2014	As at December 31, 2013
ASSETS			
Current assets:			
Cash and cash equivalents	8	57,332	5,696
Prepayments	11	-	79
TOTAL		57,332	5,775
EQUITY AND LIABILITIES			
Funds Balance		-	-
Surplus/(Deficit) for the year		-	-
Current liabilities			
Trade and other payables	10	1,468	421
Deferred Revenues	9	55,864	5,354
TOTAL EQUITY AND LIABILITIES		57,332	5,775

The accompanying notes from 8 to 18 form an integral part of these financial statements

Action for Mothers and Children
Statement of fund balances as at December 31, 2014

(Amounts expressed in EUR)

	Accumulated surplus/(deficit)	Total
Balance at 1 January 2013	-	-
Surplus/(Deficit)	-	-
Other comprehensive income/expense	-	-
Total comprehensive expense	-	-
Balance at 31 December 2013	-	-
Surplus/(Deficit)	-	-
Other comprehensive income/expense	-	-
Total comprehensive expense	-	-
Balance at 31 December 2014	-	-

The accompanying notes from 9 to 18 form an integral part of these financial statements

Action for Mothers and Children
Statement of cash flows for the year ended December 31, 2014
(Amounts expressed in EUR)

	Notes	Year ended December 31, 2014	For the period from May 23, 2013 to December 31, 2013
Cash flows from operating activities			
Deficit for the period		-	-
<i>Adjustment for:</i>			
Depreciation		-	-
		-	-
Working capital changes:			
Changes in prepayments	11	79	(79)
Changes in Deferred Revenue	9	50,510	5,354
Changes in payables	10	1,047	421
Net cash generated from/(used in) operating activities		51,636	5,696
Net cash used in investing activities		-	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		51,636	5,696
Cash and cash equivalents at beginning of the year	8	5,696	-
Cash and cash equivalents at the end of the year	8	57,332	5,696

The accompanying notes from 8 to 18 form an integral part of these financial statements

1. GENERAL INFORMATION

Action for Mothers and Children (the "Organization") is a not-for-profit organization established on 21 May 2013 in accordance with the Law No. 04/L-57, section 9 On Freedom of Association in Non-Governmental Organizations.

Action for Mothers and Children is a non-profit, non-governmental, non-sectarian, humanitarian foundation developing health programs in Gynecology/Obstetrics Clinics (that care for mothers), Neonatology Intensive Care Units (that care for pre-mature babies) and Pediatric Clinics (that care for children suffering of Leukemia, heart diseases, asthma and other illnesses) in the Republic of Kosovo.

In order to fulfill its mission, the foundation:

- advocates vigorously for better healthcare for women and children throughout the Republic of Kosovo;
- studies their health problems and health care systems that address these problems;
- develops programs and projects that will help to improve the health of women and children;
- accords high priority to those activities that will reduce Kosovo's relatively high maternal and infant mortality rates;
- collaborates with the Ministry of Health and other stakeholders that have similar goals and objectives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards.

2.2 Basis of preparation

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

2.3 Currency of presentation

The reporting currency of the Organization is the Euro, which is the legal currency in the territory of Kosova since January 1, 2002.

2.4 Foreign currencies

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 STANDARDS AND INTERPRETATIONS EFFECTIVE IN THE CURRENT PERIOD

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board are effective for the current period:

- **Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosures of Interests in Other Entities” and IAS 27 “Separate Financial Statements”** – Investment Entities (effective for annual periods beginning on or after 1 January 2014),
- **Amendments to IAS 32 “Financial instruments: presentation”** – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014),
- **Amendments to IAS 36 “Impairment of assets”** - Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014),
- **Amendments to IAS 39 “Financial Instruments: Recognition and Measurement”** – Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014),
- **IFRIC 21 “Levies”** (effective for annual periods beginning on or after 1 January 2014).

2.6 Standards and interpretations in issue not yet effective

At the date of authorization of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but not yet effective:

- **IFRS 9 “Financial Instruments”** (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 14 “Regulatory Deferral Accounts”** (effective for annual periods beginning on or after 1 January 2016),
- **IFRS 15 “Revenue from Contracts with Customers”** (effective for annual periods beginning on or after 1 January 2017),
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures”** - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IFRS 11 “Joint Arrangements”** – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 1 “Presentation of Financial Statements”** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”** - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture”** - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016),

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Standards and interpretations in issue not yet effective (continued)

- **Amendments to IAS 19 “Employee Benefits”** - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014),
- **Amendments to IAS 27 “Separate Financial Statements”** - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to various standards “Improvements to IFRSs (cycle 2010-2012)”** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014),
- **Amendments to various standards “Improvements to IFRSs (cycle 2011-2013)”** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014),
- **Amendments to various standards “Improvements to IFRSs (cycle 2012-2014)”** resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2016).

3. Significant accounting policies

3.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks and short-term highly liquid investments with maturities of three months or less when purchased and are subject to an insignificant risk of changes in value.

3.2 Trade and other receivables

Trade receivables are stated at their nominal cost less allowance for doubtful debts.

3.3 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed to the Company or not.

3.4 Grants

Grants are not recognized until there is reasonable assurance that the Organization will comply with the conditions attaching to them and that the grants will be received.

Grants are recognized in profit or loss on a systematic basis over the periods in which the Organization recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, grants whose primary condition is that the Organization should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

3.5 Impairment

Non-financial assets

The carrying amounts of the Organization's assets, with the exception of inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In respect of property, plant and equipment, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

3.5 Impairment (continued)

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.6 Employee benefits

The Company makes no provision for and has no obligation for employee pensions in excess of the contributions paid into the Kosova Pension Savings Trust.

3.7 Contingencies and provisions

Contingent liabilities are not recognized in financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

A provision is recognized if the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

3.8 Income tax

As a not-for-profit Organization, Action for Mothers and Children is exempt from income taxes. A non-governmental organisation registered in Kosovo may apply for public benefit status and exemption from income tax. The Fund received such status in May 2013.

3.9 Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

3.10 Financial risk management

3.10.1 Financial risk management

The Organization's activities exposes it to a variety of financial risks, including risk and risks associated with the effects of changes in foreign currency rates and interest rate. The Organization's risk management focuses on unpredictability of markets and seeks to minimize potential adverse effects over the Organization's business performance.

Risk management is carried out by the Organization's Director based on certain pre-approved written policies and procedures that cover overall risk management, as well as specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of appropriate securities and investing excess liquidity.

3.10.2 Credit risk

Credit risk is the risk of financial loss to the Organization if counterparty to financial instruments fails to meet its contractual obligations, and arises principally from the Organization's trade receivables, deposits with banks and cash and cash equivalents.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks.

3.10.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, availability of funds through adequate credit facilities and ability to collect timely, within the terms established the amounts dues.

The following tables present the remaining contractual maturities of financial liabilities of the Organization. The tables are prepared of the basis of undiscounted cash flows of financial liabilities.

	Carrying Amounts	3 months or less	3-6 months	6-12 months	1-5 years
As at 31 December 2014					
Cash and cash equivalents	57,332	-	-	57,332	-
Prepayments	-	-	-	-	-
	57,332		57,332		
Trade payables	(625)	-	(625)	-	-
Other liabilities	(843)	(843)	-	-	-
Liquidity gap	55,864	(843)	56,707	-	-

Action for Mothers and Children
Notes to the financial statements for the year ended December 31, 2014
(Amounts expressed in EUR)

3.10 Financial risk management (continued)

3.10.3 Liquidity risk (continued)

	Carrying Amounts	3 months or less	3-6 months	6-12 months	1-5 years
As at 31 December 2013					
Cash and cash equivalents	5,696	-	5,696	-	-
Prepayments	79	79	-	-	-
	5,775	79	5,696		
Trade payables	-	-	-	-	-
Other liabilities	(421)	(421)	-	-	-
Liquidity gap	5,354	(342)	5,696	-	-

3.10.4 Market risk

Market risk is the risk that changes in market prices, such foreign exchanges rates and interest rates will affect Organization's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

Foreign exchanges risk

The Organization operates mainly nationally, on the territory of Republic of Kosovo and is not significantly exposed to foreign exchange risk as mainly the transactions as at 31 December 2014 are denominated in Euro. Expenditures are paid in Euro and financial assets are denominated in Euro.

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Organization's management is primarily responsible for daily monitoring of the net interest rate risk position and it sets limits to reduce the potential of interest rate mismatch. At the same time, the Organization has no significant placements of its assets in time deposits and highly liquid securities, bearing additional interest income.

The interest rate sensitivity analysis is not disclosed in these financial statements as at December 31 2014 and 2013 as most of financial instruments is non-interest bearing.

The carrying amounts of financial assets and liabilities approximates to fair value, due to the short term nature of assets and liabilities.

Action for Mothers and Children
Notes to the financial statements for the year ended December 31, 2014
(Amounts expressed in EUR)

4. Income from Donation

	Year ended December 31, 2014	For the period from May 23, 2013 to December 31, 2013
AMCHAM	25,000	-
Americares	2,522	-
Hologic	12,042	-
Overhead office	33,523	5,613
Solidar Suisse	13,333	5,307
UNFPA	14,026	-
WHRC	4,087	7,192
Total income	104,533	18,112
Revenue Deferred from previous year	5,354	-
Deferred Revenue	(55,864)	(5,354)
Recognized as Income for the year	54,023	12,758

5. Personnel expenses

	Year ended December 31, 2014	For the period from May 23, 2013 to December 31, 2013
Gross salaries	23,708	8,996
Pension contribution	1,156	589
Total	24,864	9,585

Personnel expenses include also project employee salaries which are not regular personnel of the organization.

Action for Mothers and Children**Notes to the financial statements for the year ended December 31, 2014***(Amounts expressed in EUR)***6. Other operating expenses**

	Year ended December 31, 2014	For the period from May 23, 2013 to December 31, 2013
Consulting	6,500	-
Medical Equipment	5,985	-
Gala Dinner	5,853	-
Office rent	2,139	1,600
Conference	1,788	-
Transport	1,713	28
Marketing	1,503	130
Office supply	913	104
Accounting	696	-
Telecommunication	514	40
Bank Fee	463	95
Utilities	251	-
Insurance for Building	240	-
Representation	235	6
Training	-	1,000
Other	366	170
Total	29,159	3,173

Transport expenses include the transportation costs for medications and medical equipment.

7. Expenses by Project - other operating expenses

	Year ended December 31, 2014	For the period from May 23, 2013 to December 31, 2013
Overhead office	10,680	1,597
UNFPA	9,006	-
Hologic	5,225	-
Americares	2,255	-
WHRC	1,233	415
Solidar Suisse	595	1,161
AMCHAM	165	-
Total	29,159	3,173

Action for Mothers and Children**Notes to the financial statements for the year ended December 31, 2014***(Amounts expressed in EUR)***8. Cash and cash equivalents**

	Year ended December 31, 2014	Year ended December 31, 2013
Cash at banks	57,087	5,641
Cash on hand	245	55
Total	57,332	5,696

9. Deferred Revenues

	Year ended December 31, 2014	Year ended December 31, 2013
AMCHAM	24,159	-
Overhead office	18,142	-
Solidar Suisse	5,095	1,258
Hologic	4,719	-
WHRC	2,694	4,096
UNFPA	788	-
Americares	267	-
Total	55,864	5,354

10. Trade and other payables

	Year ended December 31, 2014	Year ended December 31, 2013
Account payables	625	-
Pension	338	133
Payroll taxes	266	88
Tax on rent	192	-
Rent payable	47	200
Total	1,468	421

Action for Mothers and Children**Notes to the financial statements for the year ended December 31, 2014***(Amounts expressed in EUR)***11. Prepayments**

	Year ended December 31, 2014	Year ended December 31, 2013
Prepaid Pension	-	52
Prepaid Payroll Taxes	-	27
Total	-	79

12. Transactions with related parties

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party on making financial or operational decisions, or the parties are under common control with the Organization.

Related parties are considered to be key management, which comprise the Executive Director.

Transactions with key management personnel

	2014	2013
Executives compensations	8,519	4,620

13. Commitments and contingencies***Commitment***

At 31 December 2014 and 31 December 2013, the Organization did not have any commitments.

Contingencies

The Organization is involved in routine legal proceedings in the ordinary course of business. It is management's opinion that the final outcome of these lawsuits will not have a material effect on the Organization's results. There were no changes in policies from previous year and management considers there to be no critical areas of judgment.

14. Subsequent events

There are no subsequent events that would require either adjustments or additional disclosures in the financial statements.