
Action for Mothers and Children

**Independent Auditor's Report and Financial Statements
as at and for the year ended December 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

To the Board and Management of Action for Mothers and Children

Opinion

We have audited the financial statements of Action for Mothers and Children (the "Organization"), which comprise the statement of assets and liabilities as at December 31, 2018 and the statement of surplus or deficit, statement of changes in fund balances and statement of cash flows 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, 2018, and its financial performance and its cash flows for the year then ended in accordance with the basis of preparation as described in Note 2.1 and Law No. 04/L-57 On Freedom of Association in Non-Governmental Organizations.

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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and with the ethical requirements that are relevant to our audit of the financial statements in Kosovo, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution

We draw attention to note 2.1 to the financial statements, which describes the basis of accounting. The financial statements are prepared for the purpose of reporting to the NGO Regulator Office in Kosovo. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely to the Organization and NGO Regulator Office in Kosovo, and should not be distributed to parties other than the Organization and the NGO Regulator Office in Kosovo. Our opinion is not modified in respect to this matter.



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

Management is responsible for the preparation of the financial statements in accordance with the basis of accounting as described in the Note 2.1 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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 procedures 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 accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

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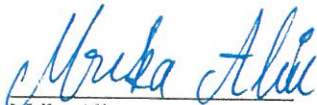
Action for Mothers and Children

Statement of assets and liabilities for the year ended December 31, 2018

(Amounts expressed in EUR)

	Notes	As at December 31, 2018	As at December 31, 2017
ASSETS			
Current assets:			
Cash and cash equivalents	8	215,672	169,783
Prepayments	11	1,200	1,641
TOTAL		216,872	171,424
FUND BALANCE			
Funds Balance		-	-
Surplus/(Deficit) for the year		-	-
Current liabilities			
Other Liabilities	10	2,758	2,457
Deferred Revenues	9	214,114	168,967
TOTAL FUND BALANCE AND LIABILITIES		216,872	171,424

Authorized for issue by management and signed on its behalf on March 26, 2019:



Mrika Aliu

EXECUTIVE DIRECTOR

The accompanying notes from page 7 to 18 form an integral part of these financial statements

Action for Mothers and Children

Statement of surplus or deficit for the year ended December 31, 2018

(Amounts expressed in EUR)

	Notes	For the year ended December 31, 2018	For the year ended December 31, 2017
Income	4	265,049	186,330
Total income			
Personnel expenses	5	(90,235)	(67,914)
Other operating expenses	6	(174,814)	(118,416)
Total expenses		(265,049)	(186,330)
 Surplus/Deficit for the year		 -	 -

The accompanying notes from page 7 to 18 form an integral part of these financial statements

Action for Mothers and Children

Statement of changes in fund balances as at December 31, 2018

(Amounts expressed in EUR)

	Accumulated surplus/(deficit)	Total
Balance at 1 January 2017	-	-
Surplus/(Deficit)	-	-
Balance at 31 December 2017	-	-
Surplus/(Deficit)	-	-
Balance at 31 December 2018	-	-

The accompanying notes from page 7 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, 2018

(Amounts expressed in EUR)

	Notes	Year ended December 31, 2018	Year ended December 31, 2017
Cash flows from operating activities			
Deficit for the year		-	-
<i>Adjustment for:</i>			
Depreciation		-	-
		<hr/>	<hr/>
Movements in working capital:			
Increase in prepayments	11	441	(1,291)
Increase in receivables		-	5,923
		<hr/>	<hr/>
Increase in Deferred Revenue	9	45,147	26,297
Increase/(Decrease) in payables	10	302	1,551
		<hr/>	<hr/>
Net cash generated from operating activities		45,890	32,480
		<hr/>	<hr/>
Net cash (used in)/generated by investing activities		-	-
		<hr/>	<hr/>
Net cash (used in)/generated by financing activities		-	-
		<hr/>	<hr/>
Net increase in cash and cash equivalents		45,890	32,480
		<hr/>	<hr/>
Cash and cash equivalents at beginning of the year	8	169,782	137,303
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	8	215,672	169,783
		<hr/>	<hr/>

The accompanying notes from page 7 to 18 form an integral part of these financial statements

Action for Mothers and Children

Notes to the financial statements for the year ended December 31, 2018

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. 03/L-134 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 requirements of Law no. 04/L-57 on Freedom of Association in Non-Governmental Organizations for the purpose of reporting to the NGO Regulatory Office.

Revenues from grants are recognized when earned rather than when received and expenses are recognized when incurred rather than when paid.

In addition, deferred grant liability, prepayments and other liabilities are recorded under the accrual basis of accounting. The significant accounting policies are described below.

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 Kosovo 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.

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 Receivables

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

3.3 Liabilities

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 Organization 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 Revenue from Teshavesha

Revenue from sale is recognized when control of the goods is transferred, being when the goods are delivered to the customer. Payment is received at the delivery point when goods are transferred to the customer as this represents the point in time at which the right to consideration becomes unconditional.

3.6 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. Significant accounting policies (continued)

3.6 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.

3.7 Employee benefits

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

3.8 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 Organization 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.

3.9 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. For the first time, the Action received such status in May 2013.

3.10 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.

Action for Mothers and Children

Notes to the financial statements for the year ended December 31, 2018

(Amounts expressed in EUR)

3.11 Financial risk management

3.11.1 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.

3.11.2 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.

3.11.3 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					
2017					
Cash and cash equivalents	169,783	169,783	-	-	-
Prepayments	1,641	1,641	-	-	-
	171,424	171,424	-	-	-
Trade payables	(506)	(506)			
Other liabilities	(1,951)	(1,951)		-	-
Liquidity gap	168,967	168,967	-	-	-

Action for Mothers and Children

Notes to the financial statements for the year ended December 31, 2018

*(Amounts expressed in EUR)***3.11 Financial risk management (continued)****3.11.3 Liquidity risk (continued)**

	Carrying Amounts	3 months or less	3-6 months	6-12 months	1-5 years
As at 31 December 2018					
Cash and cash equivalents	215,672	215,672	-		-
Prepayments	1,200	1,200	-		-
	216,872	216,872			
Trade payables					
Other liabilities	(2,758)	(2,758)			-
Liquidity gap	214,114	214,114			-

3.11.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the 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 exchange risk

The Organization operates mainly nationally, on the territory of the Republic of Kosovo and is not significantly exposed to foreign exchange risk as mainly the transactions as at 31 December 2018 and 2017 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, 2018 and 2017 as most of financial instruments are non-interest bearing.

The carrying amounts of financial assets and liabilities approximate 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, 2018

*(Amounts expressed in EUR)***4. Income**

	For the year ended December 31, 2018	For the year ended December 31, 2017
Overhead office	116,296	91,643
Solidar Suisse	8,956	12,635
UNFPA	62,002	35,805
Save the children	36,042	24,964
ADA Project	-	8,170
CFLI - Income	-	8,849
Us Embassy-Income	-	4,185
CFLI_New Grant	6,770	-
RBKO	30,000	10,000
Ministry of Health_Moh	12,064	-
CKC	15,615	-
Dartmouth	480	-
Teshavesha	21,971	22,299
Total income	310,196	218,550
Deferred Revenue from previous year	168,967	136,746
Deferred Revenue	(214,114)	(168,966)
Receivables/Accruals	-	-
Recognized as income for the year	265,049	186,330

Income from Teshavesha includes income from sale of clothes.

5. Personnel expenses

	For the year ended December 31, 2018	For the year ended December 31, 2017
Gross salaries	85,473	64,683
Pension contribution	4,762	3,231
Total	90,235	67,914

Personnel expenses include also project employee salaries, who are not operating personnel of the organization.

Action for Mothers and Children

Notes to the financial statements for the year ended December 31, 2018

*(Amounts expressed in EUR)***6. Other operating expenses**

	For the year ended December 31, 2018	For the year ended December 31, 2017
Medical Equipment	45,806	14,350
Marketing	23,261	29,804
Training	18,049	586
Office rent	16,630	12,043
Other	12,739	18,676
Sub-grants	12,692	-
Transport	11,205	7,000
Fundraising	9,183	-
Other contracted services	8,636	-
Accommodation	4,718	2,897
Office supply	2,731	10,187
Representation	2,590	12,852
Accounting	2,520	3,540
Consulting	1,810	3,159
Utilities	1,052	983
Telecommunication	802	1,037
Bank Fee	390	1,002
Insurance for Building	-	300
Total	174,814	118,416

Sub-grant includes only those from UNFPA K10 Coalition of Organizations project grant. Transport expenses include the transportation costs for medications and medical equipment from abroad and locally. Marketing expenses include the costs for projects' online platforms developed, awareness ads, and educational materials from project activities.

Action for Mothers and Children

Notes to the financial statements for the year ended December 31, 2018

*(Amounts expressed in EUR)***7. Expenses by Project**

	For the year ended December 31, 2018	For the year ended December 31, 2017
Overhead office	67,700	49,829
UNFPA	62,002	35,548
Save the Children	36,011	24,911
RBKO	25,811	5,952
CKC	15,430	14,000
Teshavesha	13,177	6,998
Ministry of Health	12,063	-
Solidar Suisse 2	8,956	12,634
Hologic	4,930	7,772
CFLI	4,376	5,214
CFLI New	4,240	-
US Embassy	4,176	-
Other Expenses	3,520	-
WHRC	2,339	9,876
Solidar Suisse	-	4,774
AMCHAM	-	652
ADA	-	8,170
Dartmouth - Kosovo Students	318	-
Total	265,049	186,330

8. Cash and cash equivalents

	As at December 31, 2018	As at December 31, 2017
Cash at banks	213,713	169,523
Cash on hand	1,959	260
Total	215,672	169,783

Action for Mothers and Children

Notes to the financial statements for the year ended December 31, 2018

*(Amounts expressed in EUR)***9. Deferred revenues**

	As at December 31, 2018	As at December 31, 2017
AMCHAM	-	5,745
Overhead office	174,240	116,699
Solidar Suisse	-	-
Hologic	1,934	6,864
WHRC	3,948	10,206
UNFPA	126	2,229
Americares	-	-
CKC	185	-
CFLI – Income	2,163	3,634
Us Embassy-Income	-	4,187
Save The Children	31	53
Teshavesha	23,249	15,302
RBKO	8238	4,048
Total	214,114	168,967

10. Other Liabilities

	As at December 31, 2018	As at December 31, 2017
Accrued liabilities	209	510
Pension	1,464	1,000
Payroll taxes	1,085	697
Tax on rent	-	250
Total	2,758	2,457

11. Prepayments

	As at December 31, 2018	As at December 31, 2017
Prepaid Rent	1200	108
Advances	-	1,533
Total	1,200	1,641

Action for Mothers and Children

Notes to the financial statements for the year ended December 31, 2018

(Amounts expressed in EUR)

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 the key management, which comprises of the Executive Director.

Transactions with key management personnel

	2018	2017
Executives compensations	15,106	15,106

13. Commitments and contingencies

Commitment

As at December 31, 2018 and 2017, the Organization did not have any commitments.

Contingencies

As of December 31, 2018, the Organization is not involved in any legal proceedings. Additionally, 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.