

# **Action for Mothers and Children**

**Independent Auditor's Report and Financial Statements  
as at and for the year ended December 31, 2019**

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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, 2019 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, 2019, 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 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 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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Unique Identification No.: 810468373  
April 10, 2020

Engagement Partner  
Arta Limani

**Action for Mothers and Children**

Statement of assets and liabilities as at December 31, 2019

*(Amounts expressed in EUR)*

	Notes	As at December 31, 2019	As at December 31, 2018
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	8	244,649	215,672
Prepayments	9	-	1,200
<b>TOTAL</b>		<b>244,649</b>	<b>216,872</b>
<b>FUND BALANCE</b>			
Funds Balance		-	-
Surplus/(Deficit) for the year		-	-
<b>Current liabilities</b>			
Other Liabilities	11	6,796	2,758
Deferred Revenues	10	237,853	214,114
		<b>244,649</b>	<b>216,872</b>
<b>TOTAL FUND BALANCE AND LIABILITIES</b>		<b>244,649</b>	<b>216,872</b>

Authorized for issue by management and signed on its behalf on April 10, 2020:

  
Vlorian Molliqaj  
EXECUTIVE DIRECTOR

The accompanying notes from page 8 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, 2019

*(Amounts expressed in EUR)*

	Notes	For the year ended December 31, 2019	For the year ended December 31, 2018
Income	4	317,830	265,049
<b>Total income</b>			
Personnel expenses	5	(105,958)	(90,235)
Other operating expenses	6	(211,872)	(174,814)
<b>Total expenses</b>		<b>(317,830)</b>	<b>(265,049)</b>
 <b>Surplus/Deficit for the year</b>		 -	 -

The accompanying notes from page 8 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, 2019

*(Amounts expressed in EUR)*

	<b>Accumulated surplus/(deficit)</b>	<b>Total</b>
<b>Balance at 1 January 2018</b>	-	-
Surplus/(Deficit)	-	-
<b>Balance at 31 December 2018</b>	-	-
Surplus/(Deficit)	-	-
<b>Balance at 31 December 2019</b>	-	-

The accompanying notes from page 8 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, 2019

*(Amounts expressed in EUR)*

	Notes	Year ended December 31, 2019	Year ended December 31, 2018
<b>Cash flows from operating activities</b>			
Deficit for the year		-	-
<i>Adjustment for:</i>			
Depreciation		-	-
			-
<b>Movements in working capital:</b>			
Decrease in prepayments	9	1,200	441
Increase in deferred revenue	10	23,739	45,147
Increase in payables	11	4,038	301
<b>Net cash generated from operating activities</b>		<b>28,977</b>	<b>45,889</b>
<b>Net cash (used in)/generated by investing activities</b>		-	-
<b>Net cash (used in)/generated by financing activities</b>		-	-
<b>Net increase in cash and cash equivalents</b>		<b>28,977</b>	<b>45,890</b>
Cash and cash equivalents at beginning of the year	8	215,672	169,782
<b>Cash and cash equivalents at the end of the year</b>	<b>8</b>	<b>244,649</b>	<b>215,672</b>

The accompanying notes from page 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. 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 sales are recognized when goods are delivered and the control of such goods is transferred 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, 2019

(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
<b>As at 31 December 2019</b>					
Cash and cash equivalents	244,649	244,649	-	-	-
	<b>244,649</b>	<b>244,649</b>	-	-	-
Trade payables					
Other liabilities	(6,796)	(6,796)	-	-	-
<b>Liquidity gap</b>	<b>237,853</b>	<b>237,853</b>	-	-	-

**3.11 Financial risk management (continued)****3.11.3 Liquidity risk (continued)**

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

**3.11.4 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 exchange 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 2019 and 2018 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, 2019 and 2018 as most of financial instruments are 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, 2019

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

	<b>For the year ended December 31, 2019</b>	<b>For the year ended December 31, 2018</b>
Overhead office	92,003	116,296
UNFPA	62,118	62,002
UNICEF	55,100	-
Save the children	33,129	36,042
RBKO	20,000	30,000
Teshavesha	17,139	21,971
Swiss Embassy	11,500	-
Solidar Suisse	11,174	8,956
CKC	9,996	15,615
Ministry of Health_Moh	8,329	12,064
Johns Hopkins Uni.	7,741	-
WIC Conference	6,741	-
UNDP	6,599	-
Dartmouth	-	480
CFLI_New Grant	-	6,770
<b>Total income</b>	<b>341,569</b>	<b>310,196</b>
Deferred Revenue from previous year	214,114	168,967
Deferred Revenue	(237,853)	(214,114)
<b>Recognized as income for the year</b>	<b>317,830</b>	<b>265,049</b>

Income from Teshavesha includes income from sale of clothes.

**5. Personnel expenses**

	<b>For the year ended December 31, 2019</b>	<b>For the year ended December 31, 2018</b>
Gross salaries	100,660	85,473
Pension contributions	5,298	4,762
<b>Total</b>	<b>105,958</b>	<b>90,235</b>

Personnel expenses include also project employees and consultants' 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, 2019

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

	<b>For the year ended December 31, 2019</b>	<b>For the year ended December 31, 2018</b>
Training	38,932	18,049
Medical Equipment	30,436	45,806
Marketing	23,583	23,261
Other contracted services	25,534	8,636
Fundraising	20,716	9,183
Office rent and Maintenance	18,381	16,630
Transport	17,120	11,205
Sub-grants	13,002	12,692
Other	4,285	12,739
Accommodation	4,865	4,718
Office supply	4,480	2,731
Accounting	1,900	2,520
Bank Fee	1,021	390
Utilities	1,646	1,052
Research publication	1,579	-
Telecommunication	1,554	802
Representation and meeting costs	2,838	2,590
Consulting	-	1,810
<b>Total</b>	<b>211,872</b>	<b>174,814</b>

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. On the other hand, office supply includes costs of training materials and supplies for project activities as well.

**Action for Mothers and Children**

Notes to the financial statements for the year ended December 31, 2019

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

	<b>For the year ended December 31, 2019</b>	<b>For the year ended December 31, 2018</b>
Overhead office	79,808	67,700
UNICEF	55,826	-
UNFPA	54,279	62,002
Save the Children	32,290	36,011
Teshavesha	20,060	13,177
RBKO	15,321	25,811
Swiss Embassy	11,471	-
Solidar Suisse 2	11,172	8,956
Ministry of Health	8,329	12,063
WIC Conference	6,742	-
UNDP	6,600	-
CKC	5,047	15,430
WHO	-	-
Johns Hopkins Uni.	3,100	-
CFLI	2,459	4,376
Hologic	1,605	4,930
Other Expenses	1,942	3520
WHRC	1,629	2,339
Dartmouth - Kosovo Students	150	318
CFLI New	-	4,240
US Embassy	-	4,176
<b>Total</b>	<b>317,830</b>	<b>265,049</b>

**8. Cash and cash equivalents**

	<b>As at December 31, 2019</b>	<b>As at December 31, 2018</b>
Cash at banks	241,016	213,713
Cash on hand	3,633	1,959
<b>Total</b>	<b>244,649</b>	<b>215,672</b>

**Action for Mothers and Children**

Notes to the financial statements for the year ended December 31, 2019

*(Amounts expressed in EUR)***9. Prepayments**

	As at December 31, 2019	As at December 31, 2018
Prepaid Rent	-	1,200
<b>Total</b>	<b>-</b>	<b>1,200</b>

**10. Deferred revenues**

	As at December 31, 2019	As at December 31, 2018
Overhead office	181,178	174,240
Teshavesha	21,919	23,249
UNFPA	12,400	126
RBKO	8,005	8238
CKC	4,949	185
Johns Hopkins Uni.	4,641	-
WHRC	3,261	3,948
Other	1,500	4,128
<b>Total</b>	<b>237,853</b>	<b>214,114</b>

**11. Other Liabilities**

	As at December 31, 2019	As at December 31, 2018
Accrued liabilities	1,825	209
Pension	1,613	1,464
Payroll taxes	1,184	1,085
Rent payable	1,099	-
Payroll payable	1,050	-
Tax on rent	25	-
<b>Total</b>	<b>6,796</b>	<b>2,758</b>

## Action for Mothers and Children

Notes to the financial statements for the year ended December 31, 2019

(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*

	2019	2018
Executives compensations	16,542	15,106

### 13. Commitments and contingencies

#### *Commitment*

As at December 31, 2019 and 2018, the Organization did not have any commitments.

#### *Contingencies*

As of December 31, 2019, 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.

On December 2019, an outbreak of a new strain of coronavirus, COVID-19, emerged and within weeks, despite the efforts to contain the virus isolated, it widespread and it had an impact on shutdowns of cities and businesses globally and the number of those infected grew significantly, including Kosova. On 11 March 2020, the World Health Organization announced a pandemic situation due to the global emergency caused by the outbreak of COVID 19. The coronavirus outbreak is still evolving and its effects remain unknown.