Action for Mothers and Children

Independent Auditor's Report and Financial Statements
as at and for the year ended December 31, 2016

Contents

Deloitte Kosova sh.p.k.
St. Ali Hadri nn.
10000 Prishtinë
Republic of Kosova

Tel: +381 38 760 300
Fax: +381 38 760 350
www.deloitte.com

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 financial position as at December 31, 2016 and the statement of surplus or deficit and other comprehensive income, statement of changes in fund balances and statement of cash flows for the year than 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, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Kosova, 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

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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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Deloitte Kosova sh.p.k

Deloitte Kosova sh.p.k.
Str. Ali Hadri, nn,
Prishtina, Republika e Kosoves
Registration No: 80452632
March 30, 2017

Action for Mothers and Children
Statement of Surplus or Deficit and Other Comprehensive income
for the year ended December 31, 2016

(Amounts expressed in EUR)

	Notes	For the year ended December 31, 2016	For the year ended December 31, 2015
Income from donations	4	128,644	60,420
Total income			
Personnel expenses	5	(45,928)	(31,221)
Other operating expenses	6	(82,716)	(29,199)
Total expenses		**(128,644)**	**(60,420)**
Surplus/Deficit for the year		-	-
Other comprehensive income/expense		-	-
Total comprehensive expense		-	-

The accompanying notes from page 7 to 17 form an integral part of these financial statements

Action for Mothers and Children
Statement of Financial Position as at December 31, 2016
(Amounts expressed in EUR)

	Notes	As at December 31, 2016	As at December 31, 2015
ASSETS			
Current assets:			
Cash and cash equivalents	8	137,303	107,377
Prepayments	11	350	350
Donation Receivables	12	5,923	-
TOTAL		**143,576**	**107,727**
EQUITY AND LIABILITIES			
Funds Balance		-	-
Surplus/(Deficit) for the year		-	-
		-	-
Current liabilities			
Trade and other payables	10	907	307
Deferred Revenues	9	142,669	107,420
		143,576	**107,727**
TOTAL EQUITY AND LIABILITIES		**143,576**	**107,727**

Authorized for issue by management and signed on its behalf on March 30, 2017:

Mrika Aliu
EXECUTIVE DIRECTOR

The accompanying notes from page 7 to 17 form an integral part of these financial statements

Action for Mothers and Children

Statement of Changes in Fund Balances as at December 31, 2016

(Amounts expressed in EUR)

	Accumulated surplus/(deficit)	Total
Balance at 1 January 2015	-	-
Surplus/(Deficit)	-	-
Other comprehensive income/expense	-	-
Total comprehensive expense	-	-
Balance at 31 December 2015	-	-
Surplus/(Deficit)	-	-
Other comprehensive income/expense	-	-
Total comprehensive expense	-	-
Balance at 31 December 2016	-	-

The accompanying notes from page 7 to 17 form an integral part of these financial statements

(Amounts expressed in EUR)

	Notes	Year ended December 31, 2016	Year ended December 31, 2015
Cash flows from operating activities			
Deficit for the year		-	-
Adjustment for:			
Depreciation		-	-
		-	-
Movements in working capital:			
Increase in prepayments	11	-	(350)
Increase in receivables	12	(5,923)	-
Increase in Deferred Revenue	9	35,249	51,556
Increase/(Decrease) in payables	10	600	(1,161)
Net cash generated from operating activities		**29,926**	**50,045**
Net cash (used in)/generated by investing activities		-	-
Net cash (used in)/generated by financing activities		-	-
Net increase in cash and cash equivalents		**29,926**	**50,045**
Cash and cash equivalents at beginning of the year	8	107,377	57,332
Cash and cash equivalents at the end of the year	8	**137,303**	**107,377**

The accompanying notes from page 7 to 17 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 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.

2.2.1 Standards and interpretations effective in the current period

The following new standard and amendments to the existing standards issued by the International Accounting Standards Board (IASB) are effective for the current reporting year:

- **IFRS 14 "Regulatory Deferral Accounts"** (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 Amortization (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** -Bearer Plants (effective for annual periods beginning on or after 1 January 2016),
- **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 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).

The adoption of these amendments to the existing standards and interpretations has not led to any changes in the Organization's financial statements.

2.2 Basis of preparation (continued)

2.2.2 Standards and interpretations in issue not yet effective

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

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 15 "Revenue from Contracts with Customers"** and further amendments (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 16 "Leases"** (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 2 "Share-based Payment"** - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 4 "Insurance Contracts"** - Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 "Financial Instruments" is applied first time),
- **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 and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IAS 7 "Statement of Cash Flows"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017),
- **Amendments to IAS 12 "Income Taxes"** - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017),
- **Amendments to IAS 40 "Investment Property"** - Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to various standards "Improvements to IFRSs (cycle 2014-2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 12 are to be applied for annual periods beginning on or after 1 January 2017 and amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018),
- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** (effective for annual periods beginning on or after 1 January 2018).

The Organization has elected not to adopt these new standards and amendments to existing standards in advance of their effective dates. The Organization anticipates that the adoption of these standards and amendments to existing standards will have no material impact on the financial statements of the Organization in the period of initial application.

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.

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

3.7 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 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.

3.8 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. For the first time, the Action 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.

(Amounts expressed in EUR)

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 2016					
Cash and cash equivalents	137,303	-	-	137,303	-
Receivables	5,923	5,923	-	-	-
Prepayments	350	350	-	-	-
	143,576	**6,273**		**137,303**	
Trade payables	(384)	(384)		-	-
Other liabilities	(522)	(522)		-	-
Liquidity gap	**142,670**	**5,367**		**137,303**	

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 2015					
Cash and cash equivalents	107,377	-	-	107,377	-
Prepayments	350	350	-		-
	107,727	**350**	-	**107,377**	-
Trade payables	(147)	(147)	-		-
Other liabilities	(160)	(74)	-	(86)	-
Liquidity gap	**107,420**	**129**	-	**107,291**	-

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 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 2016 and 2015 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 2016 and 2015 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.

(Amounts expressed in EUR)

4. Income from Donation

	For the year ended December 31, 2016	For the year ended December 31, 2015
Overhead office	66,656	65,049
WHRC	38,336	17,858
UNFPA	31,483	141
Hologic	17,920	7,878
WHRC- Online Platform	3,575	-
Solidar Suisse	-	10,820
CKC	-	10,230
Total income	**157,970**	**111,976**
Deferred Revenue from previous year	107,420	55,864
Deferred Revenue	(142,669)	(107,420)
Receivables/Accruals	5,923	-
Recognized as Income for the year	**128,644**	**60,420**

5. Personnel expenses

	For the year ended December 31, 2016	For the year ended December 31, 2015
Gross salaries	43,741	29,734
Pension contribution	2,187	1,487
Total	**45,928**	**31,221**

Personnel expenses include also project employees and consultants' salaries, which are not regular personnel of the organization.

(Amounts expressed in EUR)

6. Other operating expenses

	For the year ended December 31, 2016	For the year ended December 31, 2015
Marketing	19,630	980
Medical Equipment	16,312	8,500
Office supply	10,276	3,210
Office rent	6,374	4,231
Consulting	5,693	4,228
Representation	4,614	1,218
Accommodation	4,316	-
Accounting	3,540	3,500
Training	3,288	-
Transport	2,641	763
Bank Fee	709	451
Utilities	515	390
Telecommunication	445	377
Insurance for Building	-	30
Other	4,363	1,321
Total	**82,716**	**29,199**

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.

7. Expenses by Project - other operating expenses

	For the year ended December 31, 2016	For the year ended December 31, 2015
Overhead office	37,002	19,521
UNFPA	30,439	-
WHRC	28,689	10,117
Hologic	11,287	4,592
WHRC-Online Platform	8,927	-
AMCHAM	6,427	11,336
Solidar Suisse	5,301	6,354
WHRC-Australia	571	-
CKC	-	8,500
Total	**128,644**	**60,420**

(Amounts expressed in EUR)

8. Cash and cash equivalents

	As at December 31, 2016	As at December 31, 2015
Cash at banks	136,281	107,137
Cash on hand	1,022	240
Total	**137,303**	**107,377**

9. Deferred Revenues

	As at December 31, 2016	As at December 31, 2015
Overhead office	93,324	63,670
WHRC	20,082	10,435
Hologic	14,636	8,004
AMCHAM	6,397	12,824
Solidar Suisse	4,260	9,561
UNFPA	1,973	929
CKC	1,730	1,730
Americares	267	267
Total	**142,669**	**107,420**

10. Trade and other payables

	As at December 31, 2016	As at December 31, 2015
Account payables	384	147
Pension	301	48
Payroll taxes	149	112
Tax on rent	72	-
Total	**907**	**307**

(Amounts expressed in EUR)

11. Prepayments

	As at December 31, 2016	As at December 31, 2015
Prepaid Rent	350	350
Total	**350**	**350**

12. Donation Receivables

	As at December 31, 2016	As at December 31, 2015
WHRC Online Platform	5,352	-
WHRC Australia	571	-
Total	**5,923**	**-**

13. 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 the key management, which comprises of the Executive Director.

Transactions with key management personnel	2016	2015
Executives compensations	10,080	10,080

13. Commitments and contingencies

Commitment

Aa at December 31, 2016 and 2015, the Organization did not have any commitments.

Contingencies

As of December 31, 2016, 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.