

**Kosovo Association of Information and
Communication Technology**

(STIKK)

Prishtina - Kosovo

Statement of Sources and Uses of Funds
for the period 01 January 2013 up to 31 December 2013

(with independent auditor's report thereon)

Prishtina, March 30, 2015

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INDEPENDENT AUDITORS' REPORT

**To the Executive Director of
Kosovo Association of Information and Communication Technology (STIKK)
Prishtina - Kosovo**

We have audited the accompanying statement of Financial Position and Statement of performance of the Kosovo Association of Information and Communication Technology (STIKK) (hereinafter: the "STIKK") Prishtina -Kosovo, for the year ended 31 December 2013.

Management's Responsibility for the Financial Report

These statements are the responsibility of the STIKK management. Our responsibility is to express an opinion on these statements based on our audit. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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. Organization's policy is to prepare financial report income and expenses on an accrual basis. Accordingly, revenue is recognized when earned and expenses are recognized when incurred.

Auditor's Responsibility

Our responsibility is to express an opinion on this Financial Statements and Notes on 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.

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, we have been able to satisfy ourselves on the accompanying financial statements give a true and fair view of the state of the STIKK's affairs as at and of its comprehensive income for the year then ended and have been properly prepared in accordance with International Financial Reporting Standards

**Balluku&Zhaveli
Prishtina, Kosovo**

**Tomorr Zhaveli
Legal Auditor**



Prishtina, March 30, 2015

**Kosovo Association of Information and Communication Technology
("STIKK")**

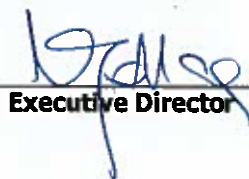
Statement of Financial Position as at December 31, 2013

(amounts in Euro)

| | Note | 2013 | 2012 |
|---|------|---------------|---------------|
| Assets | | | |
| Cash and cash equivalents | 3 | 22,380 | 14,737 |
| Accounts receivable | 4 | 44,486 | 42,562 |
| Prepayments | 5 | 12,000 | - |
| Total Current assets | | 78,866 | 57,299 |
| Fixed Assets | 10 | 636 | 1,508 |
| Total non-current assets | | 636 | 1,508 |
| Total Assets | | 79,501 | 58,807 |
| Liabilities | | | |
| Payables | 6 | 600 | 6,206 |
| Deferred Revenue | 7 | 24,261 | 16,041 |
| Total current liabilities | | 24,861 | 22,247 |
| Fund balance | | 54,640 | 36,560 |
| Total liabilities and fund balance | | 79,501 | 58,807 |

Authorized for issue by the management on 31/03/2015

Ms. Vjollca Qavolli


Executive Director

Mrs. Fatmire Asllani


Finance Manager

The accompanying notes on pages 4 to 11 form an integral part of this Statement.

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**Kosovo Association of Information and Communication Technology
("STIKK")**

Statement of Performance for the year ending December 31, 2013

(amounts in Euro)

| | Note | 2013 | 2012 |
|--|------|------------------|------------------|
| Income from grants | 8 | 368,488 | 279,491 |
| Total Income | | 368,488 | 279,491 |
| Program expenses | 9 | (276,964) | (212,834) |
| Administrative expenses | 9 | (61,758) | (32,924) |
| Depreciation | 9 | (872) | (1,085) |
| Total Expenses | | (339,595) | (246,843) |
| Net(deficit)/surplus for the year | | 28,894 | 32,649 |

The accompanying notes on pages 4 to 11 form an integral part of this Statement.

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**Kosovo Association of Information and Communication Technology
("STIKK")**

Statement of changes in fund balance ending December 31, 2013

(amounts in Euro)

| | |
|------------------------------------|---------------|
| Balance at 1 January 2011 | 11,751 |
| Surplus/Deficit of the year | -7,840 |
| Balance at 31 December 2011 | 3,911 |
| Balance at 1 January 2012 | 3,911 |
| Surplus/Deficit of the year | 32,649 |
| Balance at 31 December 2012 | 36,560 |
| Balance at 1 January 2013 | 36,560 |
| Adjustments in fund balance | -10,814 |
| Surplus/Deficit of the year | 28,894 |
| Balance at 31 December 2013 | 54,640 |

The accompanying notes on pages 4 to 11 form an integral part of this Statement.

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(amounts in Euro)

1. GENERAL

Kosovo Association of Information and Communication Technology- STIKK founded and registered as NGO, according to the Law for free association No. 03 / L-134, on 08 November 2008 with registration Number 5112067-1. STIKK's fiscal number is 600086814 taken on 05 November 2009 and VAT (Value Added Tax) number 330157885.

The organisation is domiciled in Rexhep Mala 28a (Building of ICK) Pristina Kosovo, in Prishtina, Kosovo and had 8 employees in full time, (8 average during 2013) as of 31 December 2013.

The founders of the Association are:

- Enver Doko - Comtrade Computers
- Driton Hapciu - CACTUS
- Visar Dobrosi - IPKO Telecommunication llc
- Durmishall Smani - Elting Electronics
- Enver Konjuhi - Data Com
- Valon Budima - Pronet

STIKK is founded to:

- promote the joint and convergent interests of the businesses of information and communication technologies in Kosovo , and the professional individuals.
- help in long growth of the businesses of information and communication technologies in Kosovo.
- upgrade the environment of the businesses of information and communication technologies in Kosovo.
- promote the contribution of the information and communication technologies in economic progress and growth in Kosovo.
- intends to be part of the development and implementation of the policies in Kosovo by helping the Government and Kosovo institutions in understanding the trend of actual and future technologies and to see how the technologies can contribute to the economic growth of Kosovo.

The governing bodies of the NGO are: Assembly of NGO, Board of Directors and Executive Director.

Assembly is the highest body of the NGO that is gathered once per year. Board has the regular meetings every three months. The board decides about the policies and activities of the STIKK.

Assets, revenues and the profit of the organization will be used to support the organizations non profitable targets and activities, no asset, revenue or profit will be used to create special individual benefits

STIK Members

In 2013, 7 new companies became members: ITD, Tekkos, Pronesis Technologies, Llampas, S.A.P., Boshti and Solaborate, thus increasing the number of members to 70. After revisions of member companies, STIKK now counts 106 members (70 companies, 16 professional, 15 student, and 5 educational institutions). During 2013, 41 companies have paid their membership (58% of the total number), 14 professional members (87.5% of the total number), and 7 students (46.6% of the total number).

(amounts in Euro)

STIKK MAIN ACTIVITIES DURING YEAR 2013

The fifth STIKK Assembly meeting was organized in April 2013 at the facilities of Innovation Centre Kosovo. The goal of this assembly was to present the work done by the association in 2012, planning of activities and the budget for 2013, the selection of new board members and the presentation of the Innovation Center Kosovo. During 2013, STIKK's Board held a total of five meetings.

During this year, one of the main activities of the association has been the realization of the first objective:

Develop a conducive legislative and policy environment for an accelerated development of the ICT sector in the framework of which it was aimed to amend the Law on Customs Duties for importing IT equipment. This law is currently at the office of the President of Kosovo, whereby following the President's signature this law is expected to be published in the Official Gazette.

In addition, STIKK participated in 10 round tables and 8 conferences, one of which of these conferences was organized by STIKK (KosICT); STIKK organized 7 workshops for the development of a National Strategy of IT; organized the participation of Kosovar companies in CeBIT 2013; and organized meetings with members of parliament, parliamentary committees and political parties to address the issue of the fiscal package and other important matters for the ICT sector. Moreover, the issues related to imported software were also addressed. During the second half of the year, a policy document on scaled VAT for ICT equipment was prepared, for which more work is to be done in 2014. In addition, the research on Internet usage and penetration in Kosovo was conducted for the second time.

Regarding the *second objective*:

Development of human resources in accordance with the demand of the ICT sector, STIKK realized 12 professional trainings, where 190 professionals/students participated. The trainings were separated in two groups: technical trainings (ISTQB Certified Tester Training; Agile Method Scrum; IT Fundamentals; Network Training; ISO27001 and Java SE7 Fundamentals), 29 students and 49 professionals participated (42 males and 30 females). Whereas, the managerial trainings (Communication and Presentation skills; Motivational Speech; Career Building; Entrepreneurship Training; Sales skills and techniques and Internet Marketing), were attended by a total of 106 students and 12 professionals (29 males and 89 females). It is worth mentioning that STIKK in cooperation with its member companies has been able to leverage 7 of these students in companies to perform practical work.

During this period, STIKK has also worked towards the realization of the *third objective*:

Provision of services to members in order to create new business opportunities through participation of STIKK and member companies in the largest fair of ICT (CeBIT 2013), co-organization of the global week of entrepreneurship, organizing B2B Kosovo-Germany (Stuttgart and Frankfurt), organizing B2B meetings in Norway and Sweden, participating in the trip to New York, USA; participation in three regional and European conferences and proactive participation in all activities organized by the Innovation Centre of Kosovo.

(amounts in Euro)

Regarding the *fourth objective*:

Creating conditions for sustainable activities of the association, STIKK has signed contracts with six donor in the total amount of €335,575.96, under which various activities were implemented in accordance with the objectives set in the Strategic Plan STIKK 2011-2013 and annual activity plan approved by the Assembly of STIKK. The sum of €19,840.00 is part of sponsorships for the organization for the Conference KosICT'13. Moreover, during the year STIKK worked on increasing its membership thus also enabling a budget for its future activities.

During 2013, STIKK's staff underwent some training programs (Training Program on Governance and Sustainability, Training and Communication on EU integration; Quality Design of CBC Grant Projects: Surviving the EC Audit, Team Building) in order to increase their own capacities.

Regarding the implementation of the *fifth objective*:

Supporting members to practice social responsibility of the ICT sector, STIKK members were committed to participate in evaluation committees within Innovation Center Kosovo (ICK) and the ICK Board. Also, in agreement with the University of Pristina, experienced entrepreneurs of ICT (STIKK members) are holding lectures for the students of the aforementioned university.

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(amounts in Euro)

2. BASIS OF PREPARATION OF STATEMENTS AND ACCOUNTING PRINCIPLES

2.1. Accounting Convention

The statement has been prepared on the accrual basis. On this basis, income is recognized when earned and expenses are recognized when incurred.

The Financial Report has been prepared by the STIKK, which keeps records in Accounting Software "Quick Books".

2.2. Reporting currency

Funds are received in Euro whereas expenses are sustained in Euro (Kosovo currency). The Financial Report is expressed in Euro, into which is presented the currencies used by the Project in its operations. Transactions in currencies other than Euros are translated into Euros at the relevant exchange rate ruling on the date of the transaction.

2.3. Tax

In accordance with the Framework-Contract, the Projects are exempt from income tax. Taxation is provided in accordance with Kosovo fiscal regulations and is currently calculated at the appointed level of taxable income. The Projects is liable for personnel and social taxes and withholding tax on income according to the Kosovo Regulation.

2.4. Comparatives

Certain comparative figures have been restated to conform to current year presentation due to change of the reporting method from cash basis in accrual basis.

2.5. Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid bank deposits with an original maturity of three months or less.

2.6. Fixed assets

Fixed assets are stated at cost, less accumulated depreciation. All equipment and other fixed assets are capitalized as fixed assets rather than expensed. Depreciation is provided on a straight-line basis at the following annual rates:

| | <u>In %</u> |
|-------------------------------|-------------|
| Vehicle | 20 |
| Furniture | 20 |
| Computers and office supplies | 20 |

For purchases on second half of the year depreciation was calculated 50% of annual rate, according to the new Law applied from 01.01.2010.

2.7. Receivables

Receivables are stated at their net realizable value.

2.8. Payables

Payables represent amounts due in relation to expenses recognized on a accrual basis. Payables are stated at cost. As at 31 December 2013, outstanding payables related to utilities, tax on rent, office salaries, social contributions and employment taxes.

2.9. Income

Funds received are derived principally from different donators. The donations are recognized as deferred revenue when received. Other income is also recorded when earned rather than when received.

Notes to the Statement of Sources and Uses of Funds for the period ended 31 December 2013

(amounts in Euro)

3. CASH AND BANK BALANCES

Cash and cash equivalents are detailed as follows:

| | <u>31 December, 2013</u> | <u>31 December, 2012</u> |
|--|--------------------------|--------------------------|
| ProCredit Bank – Prishtina Branch | | |
| PCB 11100289774000107 | 22,339 | 13,399 |
| | <u>22,339</u> | <u>13,399</u> |
| Petty Cash | <u>41</u> | <u>1,338</u> |
| Total cash and bank balances | <u>22,380</u> | <u>14,737</u> |

4. ACCOUNTS RECEIVABLE

Receivables are detailed as follows:

| | <u>31 December, 2013</u> | <u>31 December, 2012</u> |
|---|--------------------------|--------------------------|
| Crimson Capital | - | 1,598 |
| Crimson Finance Fund | - | 10,814 |
| Foundation European Software Institute Ce | - | 8,460 |
| EU - FP7 | 29 | 7,776 |
| GIZ | - | 2,790 |
| Athene Prosjektleidelse | 35,958 | 3,000 |
| SPARK:ICT Value Chain | 5,440 | |
| Membership Fees | 900 | 8,125 |
| Program Service Fees | 1,000 | - |
| Training Fees | 1,159 | - |
| Total | <u>44,486</u> | <u>42,562</u> |

5. PREPAYEMENTS

On December 31, 2013 was paid in advance Stand for Cebit 2014, in amount of 12.000 Euro.

6. PAYABLES

Payables as at 31 December 2013 can be detailed as follows:

| | <u>31 December, 2013</u> | <u>31 December, 2012</u> |
|--------------------------------|--------------------------|--------------------------|
| Accounts Payable | 310 | 3,989 |
| Salary Tax & Pension Liability | 290 | 2,217 |
| Total | <u>600</u> | <u>6,206</u> |

Notes to the Statement of Sources and Uses of Funds for the period
ended 31 December 2013

(amounts in Euro)

7. DEFERRED REVENUE

Deferred Revenue as at 31 December 2013 can be detailed as follows:

| | 31 December, 2013 | 31 December, 2012 |
|-------------------------|--------------------------|--------------------------|
| Project in continuation | 24,261 | 16,041 |
| Total | 24,261 | 16,041 |

8. GRANT FUNDING BY PROJECTS

Funds received from donors are restricted for use in accordance with specific project agreements. The disbursed amount as pre-financing in amounts was transferred to bank accounts.

Funds received by donors are composed as follows:

| Financed by: | Funds 2013 | Funds 2012 |
|--------------------------------|-------------------|-------------------|
| British Council | 9,800 | - |
| Crimson Finance Fund | - | 34,158 |
| EU - FP7 | 28,000 | 26,054 |
| GIZ | 29,132 | 42,963 |
| Athene: Growth Programme | 41,536 | 5,126 |
| Athene: HERD/AEP | 9,504 | 7,500 |
| Athene: ICK | 55,935 | 35,721 |
| SDC: ICT Market and ICT Skills | 26,600 | - |
| SPARK 2011-1 | - | 7,826 |
| SPARK 2011-2 | - | 5,255 |
| SPARK 2012 | - | 40,046 |
| SPARK 2013 | 111,469 | - |
| Athene: WomInnovation | 6,110 | 3,070 |
| STIKK | 50,403 | 71,772 |
| Total | 368,488 | 279,491 |

| STIKK | 2013 | 2012 |
|----------------------------|---------------|---------------|
| STIKK-Membership Fees | 11,953 | 20,858 |
| STIKK-Other Income | - | - |
| STIKK-Program Income | 19,872 | 33,068 |
| STIKK-Program Service Fees | 7,418 | 3,795 |
| STIKK-Training Fees | 11,160 | 7,050 |
| CEBIT-IPAK | - | 3,500 |
| CEBIT-KPEP | - | 3,500 |
| Total | 50,403 | 71,772 |

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Notes to the Statement of Sources and Uses of Funds for the period
ended 31 December 2013

(amounts in Euro)

9. EXPENDITURES

9.1. EXPENDITURES BY CLASS

Expenditures as at 31 December 2013 by main Class are composed as follows:

| | <u>2,013</u> | <u>2,012</u> |
|-----------------------|-----------------------|-----------------------|
| Stationary | 1,714 | 1,318 |
| Bank charges | 899 | 883 |
| Travel expenses | 36,104 | 11,598 |
| Marketing | 10,731 | 9,273 |
| Insurance | - | 3,065 |
| Accounting expenses | 632 | 4,624 |
| Consultant's fees | 40,590 | 20,622 |
| Salaries | 111,569 | 80,957 |
| Staff Trainings | - | 1,920 |
| Capacity Building | 5,661 | - |
| Promotion activities | 50,999 | 55,030 |
| Trainings | 55,401 | 43,921 |
| Rent & utilities | 6,764 | 6,541 |
| Utilities | 2,280 | 1,107 |
| Communication | 1,541 | 1,725 |
| Legal Services | 960 | - |
| Audit | 1,160 | 1,150 |
| Depreciation | 872 | 1,085 |
| Other | 3,592 | 2,024 |
| Provision | 8,125 | - |
| Total expenses | <u>339,595</u> | <u>246,843</u> |

9.2. EXPENDITURE BY PROJECT

Project expenses as at 31 December 2013 by donors are composed as follows:

| | <u>2013</u> | <u>2012</u> |
|--------------------------------|-----------------------|-----------------------|
| Athene: Growth Programme | 41,536 | 5,126 |
| Athene: HERD/AEP | 9,504 | 7,500 |
| Athene: ICK | 55,935 | 35,721 |
| Athene: WomInnovation | 6,110 | 3,070 |
| British Council | 12,764 | - |
| CEBIT-IPAK | - | 3,500 |
| CEBIT-KPEP | - | 3,500 |
| Crimson Finance Fund | - | 34,158 |
| EU: FP7 | 26,172 | 26,054 |
| FP7-STIKK | 1,828 | 3,128 |
| GIZ | 29,133 | 42,963 |
| SDC: ICT Market and ICT Skills | 26,600 | - |
| SPARK 2011-2 | - | 5,255 |
| SPARK 2012 | - | 40,046 |
| SPARK 2013 | 111,469 | - |
| STIKK - Exp | 10,420 | 36,821 |
| STIKK - Provision | 8,125 | - |
| | <u>339,595</u> | <u>246,843</u> |

Notes to the Statement of Sources and Uses of Funds for the period
ended 31 December 2013*(amounts in Euro)*

10. FIXED ASSETS

Fixed assets as at 31 December 2013 can be detailed as follows:

| | |
|--|---------------|
| Cost | |
| On 1 January, 2013 | 4,361 |
| Purchases during the year | - |
| Sales / disposals | - |
| On 31 December, 2013 | 4,361 |
| Accumulated depreciation | |
| On 1 January, 2013 | -2,854 |
| Depreciation of the year | -872 |
| Adjustments related to sales / disposals | - |
| On 31 December, 2013 | -3,726 |
| Net book value | |
| On 1 January, 2013 | 1,507 |
| On 31 December, 2013 | 635 |

The Organization keeps an inventory list. All office equipment is include in inventory and could be identified. The equipment used under the Lease agreement with ICK (ICK-CLF 12/12-017) is not included in financial statement.

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