

**Kosovo Association of Information and
Communication Technology**

(STIKK)

Prishtina - Kosovo

Statement of Sources and Uses of Funds
for the period 01 January 2014 up to 31 December 2014

(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 2014.

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, 2014

(amounts in Euro)

	Note	2014	2013
Cash and cash equivalents	3	60,537	22,380
Accounts receivable	4	28,354	44,486
Prepayments	5	-	12,000
Total Current assets		88,891	78,866
Fixed Assets	10	675	636
Total non-current assets		675	636
Total Assets		89,566	79,501
Liabilities			
Payables	6	27,956	601
Deferred Revenue	7	13,844	24,261
Total current liabilities		41,800	24,861
Fund balance		47,766	54,640
Total liabilities and fund balance		89,566	79,501

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.





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

Statement of Performance for the year ending December 31, 2014

(amounts in Euro)

	Note	2014	2013
Income from grants	8	319,007	368,488
Total Income		319,007	368,488
Program expenses	9	(245,932)	(276,964)
Administrative expenses	9	(78,711)	(61,758)
Depreciation	9	(1,237)	(872)
Total Expenses		(325,881)	(339,595)
Net(deficit)/surplus for the year		(6,874)	28,894

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, 2014

(amounts in Euro)

Balance at 1 January 2012	3,911
Surplus/Deficit of the year	32,649
Balance at 31 December 2012	36,560
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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
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Balance at 1 January 2014	54,640
Surplus/Deficit of the year	(6,874)
Balance at 31 December 2014	47,766

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

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

Notes to the Statement of Sources and Uses of Funds for the period ended 31 December 2014

(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 2014) as of 31 December 2014.

The founders of the Association are:

- Enver Doko - Comtrade Computers
- Driton Hapciu - CACTTUS
- Visar Dobroshi - IPKO Telecommunication llc
- Durmishali 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 2014, 6 new companies have joined STIKK: Rikon, Epaytech, Eltring shpk, Trigonomi, Meduza and Ameble, bringing the total number to 42 company members. Now, STIKK has 114 members (42 companies, 17 professionals, 48 students, and 7 academic institutions). During 2014, membership has been paid by 42 companies or 36.84%, 17 professionals or 14.91%, and 48 students or 42.10%.

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

Notes to the Statement of Sources and Uses of Funds for the period ended 31 December 2014

(amounts in Euro)

STIKK MAIN ACTIVITIES DURING YEAR 2014

During 2014, STIKK has held these activities, which are in accordance with its objectives:

Objective 1. Create conducive legislative and policy environment for a rapid development of the ICT sector

Regarding objective 1, STIKK has held important meetings ranging from the Prime Minister, Mr. Hashim Thaçi, who visited STIKK in April 2014; Mr. Bujar Kelmendi, Legislative and Counselling Sector Leader of the Kosovo Customs; Mr. Blerand Stavileci, Economic Development Minister, etc. The STIKK staff also participated in different seminars and roundtables, which had as an objective a better life for Kosovar citizens.

A very important factor for STIKK's success in 2014 was the creative approach that has been offered in order to improve and create more opportunities for business-making in the ICT sector. Exemption of ICT goods from custom taxes, Kosovo ICT market analysis, ICT skills gap analysis, are just some of the many contributions of STIKK.

Objective 2. Human resource development consistent with the ICT sector demands

Through the STIKK Training Academy a great number of trainings have been organised with topics like: Sales management, promotion and marketing, customer relationship management, "Kosovo Young Coders", networking, IT basics, WomInnovation, and many others. These trainings have offered know-how from different areas of IT for different categories of citizens, where often the activities were focused on marginalised groups, such as females in IT and youngsters.

STIKK has also created a platform for experience and opportunity exchange. This mainly happened through the job fair - "Your carrier on track", the American Chamber of Commerce job fair, Business Tuesday, etc. In addition to that, STIKK continued signing agreements with different important partners, such as the British Council regarding the training for Android, Social Media Management, and Internet Marketing.

Objective 3. Provide services to members, with a view on creating new business opportunities

STIKK has offered to its members a variety of activities, where worth mentioning are the information session for participation in HORIZON2020 with focus on ICT, the Open Government Partnership workshop, the IT export strategy workshop for South-East Europe, the "Diaspora Women in Business" forum, etc. In particular, the participation of STIKK and its members on CeBIT 2014 is considered as a great success.

Besides the above mentioned points and their great importance, the KosICT 2014 conference is one of the most important pillars of success for STIKK and ICK. The three days conference has resulted in 200 participants, who were IT professionals that gathered to discuss about the newest trends in this field.

Last but not least, the B2B event "Nearshoring Kosovo" was very important. This activity was organised by STIKK in cooperation with ICK and the Austrian Chamber of Commerce. In this activity, five Austrian companies and companies from Kosovo have presented their businesses and have identified the opportunities for partnership in the future. A similar B2B activity has been offered during KosICT 2014, where German and Norwegian companies participated.

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

Notes to the Statement of Sources and Uses of Funds for the period ended 31 December 2014

(amounts in Euro)

Objective 4. Creating conditions for a sustainable activity of the STIKK

Regarding this objective, the following activities have been organized. In the month of July, for the fifth time the National Albanian Day of Information and Communication Technology was organized in Prizren by STIKK and AITA; GIZ donated 4 Pin Boards, through which Project Team Manager of GIZ in Kosovo, Ms. Veronika Hofinger, congratulated STIKK for the work that has been accomplished; Media coverage of the "Young Coders Kosovo" project and the visit from Prishtina's Mayor, Mr. Shpend Ahmeti.

In April, the 6th annual assembly was held, where the achievement and outcomes of the year 2013 were presented to the participants by the Executive Director, Ms. Vjollca Çavolli. Additionally to this, the statute was approved, and new STIKK board members were appointed by the participants. STIKK also participated in the roundtable with the topic "*Usage of social media in the communication municipality-citizen*"; in public consultations and presentation of the IPA II programme - Cross-border cooperation 2014-2020 Kosovo - Former Yugoslav Republic of Macedonia (FYROM); and the last two drafting workshops of the National IT Strategy were organized.

In order to ensure maximum professionalism, STIKK delegated staff members to take part in different trainings and activities. A high number of these activities were trainings about advocacy, lobbying, project proposal writing, one workshop about the ICT export strategy in Sarajevo (Bosnia and Herzegovina). In the end, STIKK organized fun activities, such as the New Year party on 19 of December, which is a STIKK and ICK tradition. Another point worth mentioning is that STIKK offered a presentation to the Serb community, where inclusion in the ICT industry has been promoted in front of students and professionals.

Objective 5. Support members in exercising social responsibility of the ICT sector

Considering the social aspect, STIKK offered contribution in various ways. In April, the Blood Donation day was organised, and besides STIKK, ICK, and Athene staff, contributions were made also from member companies. In September, the Blood Donation tradition continued, where the ICK incubation teams and representatives from STIKK member companies were part of it.

On a different note, STIKK also contributed in the drafting of the Strategic Plan for Protecting Children from Online Risks.

Publication during 2014

- ✓ IT Barometer Kosovo
- ✓ ICT Skills Gap Analysis
- ✓ Kosovo ICT Market Analysis
- ✓ Women in Technology
- ✓ Enabling Startup Ecosystem
- ✓ Unleashing the Export Potential of Kosovo ICT Companies
- ✓ Ministry of Technology and Innovation

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

Notes to the Statement of Sources and Uses of Funds for the period
ended 31 December 2014

(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 2014, 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.

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

Notes to the Statement of Sources and Uses of Funds for the period ended 31 December 2014

(amounts in Euro)

3. CASH AND BANK BALANCES

Cash and cash equivalents are detailed as follows:

	31 December, 2014	31 December, 2013
ProCredit Bank – Prishtina		
PCB 11100289774000107	58,918	22,339
	58,918	22,339
Petty Cash	1,619	41
Total cash and bank balances	60,537	22,380

4. ACCOUNTS RECEIVABLE

Receivables are detailed as follows:

	31 December, 2014	31 December, 2013
Athene: HERD/AEP	1,616	35,958
SPARK:ICT Value Chain	804	5,440
EU - FP7	23,661	29
Eneldat Shpk	1,000	-
OECD Better Policies Better Lives	465	-
Membership Fees	-	900
Training Fees	808	1,159
Program Service Fees	-	1,000
	28,354	44,486

5. PREPAYEMENTS

On December 31, 2013 was paid in advance Stand for Cebit 2014, in amount of 12.000 Euro. No other prepayments on 31 December 2014.

6. PAYABLES

Payables as at 31 December 2014 can be detailed as follows:

	31 December, 2014	31 December, 2013
CAPGEMINI CONSULTING	17,000	-
ICK	5,119	-
IQ Consulting	3,400	-
IPKO	76	70
Radio Taxi Beki	-	170
Other payables	951	50
Salary, Tax & Pension Liability	1,409	310
	27,956	600

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

Notes to the Statement of Sources and Uses of Funds for the period ended 31 December 2014

(amounts in Euro)

7. DEFERRED REVENUE

Deferred Revenue as at 31 December 2014 can be detailed as follows:

	31 December, 2014	31 December, 2013
Project in continuation	13,843	24,261
Total	13,843	24,261

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 2014	Funds 2013
Athene: Growth Programme	19,965	41,536
Athene: HERD/AEP	9,025	9,504
Athene: WomInnovation	1,570	6,110
British Council	22,200	9,800
EU: FP7	24,868	28,000
GIZ	13,837	29,132
Athene: ICK	24,996	55,935
SDC: ICT Market and ICT Skills	8,896	26,600
RNE: Outsourcing Strategy	62,978	-
SPARK 2013	-	111,469
SPARK 2014	92,124	-
Young Coders	1,050	-
STIKK	37,497	50,403
	319,007	368,488

Financed by:	2014	2013
STIKK-Training Fees	1,980	11,160
STIKK-Membership Fee	14,550	11,953
STIKK-Program Income	19,413	19,872
STIKK-Program Services Fee	1,554	7,418
Total	37,497	50,403

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

Notes to the Statement of Sources and Uses of Funds for the period
ended 31 December 2014

(amounts in Euro)

9. EXPENDITURES

9.1. EXPENDITURES BY CLASS

Expenditures as at 31 December 2014 by main Class are composed as follows:

	2,014	2,013
Stationary	5,326	1,714
Bank charges	1,508	899
Travel expenses	21,582	36,104
Marketing	7,888	10,731
Accounting expenses	-	632
Consultant's fees	62,568	40,590
Salaries	119,796	111,569
Capacity Building	3400	5,661
Promotion activities	47,425	50,999
Trainings	34,566	55,401
Rent & utilities	10,489	6,764
Utilities	-	2,280
Communication	2,150	1,541
Facilities and Equipment	1,059	-
Legal Services	480	960
Audit	-	1,160
Depreciation	1,237	872
Other	6,407	3,592
Provision	0	8,125
Total expenses	325,881	339,595

9.2. EXPENDITURE BY PROJECT

Project expenses as at 31 December 2014 by donors are composed as follows:

	2014	2013
Athene: Growth Programme	19,965	41,536
Athene: HERD/AEP	9,025	9,504
Athene: ICK	24,996	55,935
Athene: WomInnovation	1,570	6,110
British Council	22,200	12,764
EU: FP7	23,261	26,172
STIKK: FP7	1,608	1,828
GIZ	13,837	29,133
RNE: Outsourcing Strategy	69,110	-
SDC: ICT Market and ICT Skills	8,896	26,600
SPARK 2013	-	111,469
SPARK 2014	92,124	-
Young Coders	1,241	-
STIKK- EXP	37,920	10,420
STIKK - Provision	-	8,125
	325,881	339,595

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

Notes to the Statement of Sources and Uses of Funds for the period
ended 31 December 2014

(amounts in Euro)

10. FIXED ASSETS

Fixed assets as at 31 December 2014 can be detailed as follows:

Cost	
On 1 January, 2014	4,361
Purchases during the year	1,276
Sales / disposals	-
On 31 December, 2014	5,637
Accumulated depreciation	
On 1 January, 2014	(3,726)
Depreciation of the year	(1,237)
Adjustments related to sales / disposals	-
On 31 December, 2014	(4,963)
Net book value	
On 1 January, 2014	635
On 31 December, 2014	674

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.