



Financial Statements and Independent Auditor's Report

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

31 December 2016

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

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Independent Auditor's Report

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To the Owners and Management of
Kosovo Association of Information and Communication Technology ("STIKK")

Opinion

We have audited the accompanying financial statements of Kosovo Association of Information and Communication Technology ("STIKK"), which comprise the Statement of the financial position as of 31 December 2016, and the Statement of profit and loss 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 Kosovo Association of Information and Communication Technology ("STIKK") as of 31 December 2016, and its financial performance and its cash flows for the year ended in accordance with the accounting policies and procedures as disclosed in Note 3 to the accompanying financial statements.

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 STIKK in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements of STIKK in the Republic of Kosovo, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 the basis of accounting as described in Note 3 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that is free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing STIKK'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 STIKK or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing STIKK'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 is 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 International Standards on Auditing 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 scepticism 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 STIKK's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the 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 STIKK'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 STIKK 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.

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Grant Thornton LLC

Prishtina, Kosovo

13 March 2017

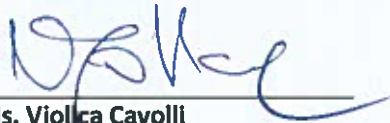
**Kosovo Association of Information and Communication Technology
("STIKK")**


Statement of financial position

For the year ended December 31, 2016

	Notes	December 31, 2016 (in EUR)	December 31, 2015 (in EUR)
Assets			
Cash and cash equivalents	4	15,013	203,370
Account receivables	5	13,483	27,436
VAT Receivables	6	5,070	-
Prepayments		-	200
Total Current Assets		33,566	231,006
Fixed Assets	7	32,498	4,060
Total Fixes Assets		32,498	4,060
Total Assets		66,064	235,066
Liabilities			
Payables	8	37,569	10,979
Deferred revenue	9	35,517	220,234
Total Liabilities		73,086	231,213
Capital fund		32,498	4,060
STIKK fund		(39,520)	(207)
Fund balance	12	(7,022)	3,853
Total liabilities and fund balance		66,064	235,066

These financial statements have been approved by the Management of the Organization on 30 April 2017 and signed on its behalf by:


Ms. Vjollca Cavolli
Executive Director


Ms. Hana Ahmeti
Finance manager

The accompanying notes from 1 to 15 form an integral part of these financial statements

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

Statement of profit and loss

For the year ended December 31, 2016

	Notes	Year ended December 31 2016 (in EUR)	Year ended December 31 2015 (in EUR)
Income	10	322,396	156,604
Total Income		322,396	156,604
Program expenses	11	(269,765)	(179,641)
Admin costs	11	(18,810)	(15,860)
Fixed assets	11	(36,567)	(4,201)
Depreciation	11	(8,129)	(815)
Total Expenses		(333,271)	(200,517)
Net (deficit) for the year		(10,875)	(43,913)

The accompanying notes from 1 to 15 form an integral part of these financial statements

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

Statement of cash flows

For the year ended December 31, 2016

	Year ended December 31	Year ended December 31
Notes	2016	2015
Cash Flow from Operating activities		
(Deficit) for the year	(10,875)	(43,913)
Adjustments for:		
Depreciation	8,129	815
The Increase/Decrease in Accounts Receivable	13,813	1,060
The Increase/Decrease in other Accounts Receivable	140	(139)
The Increase/Decrease in Prepayments	200	(200)
The Increase/Decrease in Accounts Payable	26,590	(16,979)
The Increase/Decrease in Deferred Revenues	(184,717)	206,390
The Increase/Decrease in VAT	(5,070)	-
Net Cash Flow from Operating Activities	(151,790)	147,034
Cash From Investing Activities		
Payments for purchase of Property and Equipment	(36,567)	(4,201)
Net Cash Flow from Investing Activities	(36,567)	(4,201)
Increase/Decrease in Cash and Cash Equivalents	(188,357)	142,833
Cash and cash equivalents in the beginning of the year	203,370	60,537
Cash and cash equivalents in the end of the year	15,013	203,370

The accompanying notes from 1 to 15 form an integral part of these financial statements

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

Notes to the Financial Statements

For the year ended December 31, 2016

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 organization is domiciled in Rexhep Mala 28A (Building of ICK) Pristina Kosovo, in Prishtina, Kosovo and had 6 employees in full time (6 average during 2015) as of 31 December 2015.

The founders of the Association are:

#	Name	Company
1	Enver Doko	Comtrade Computers
2	Driton Hapçiu	Cactus
3	Visar Dobroshi	IPKO Telecommunication
4	Durmishali Smani	Elting Electronics
5	Enver Konjuhi	Data Com
6	Valon Budima	Pronet

Members of the Executive Board are:

#	Name	Company	Position in the Board
1	Mentor Sahiti	Adaptivit	President
2	Dardan Vokshi	INET	Vice-President
3	Vigan Budima	Asseco SEE	Member
4	Leutrim Blakaj	Zetta Technologies	Member
5	Ermal Sadiku	LinkPlus IT	Member
6	Zana Tabaku	Appdec	Member
7	Arben Ymeraga	Melita & Partners	Member
8	Ilir Gorani	AVC Group	Member
9	Argjent Nela	ITEG	Member

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

Notes to the Financial Statements (continued)

For the year ended December 31, 2016

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.

STIKK Members

During 2016, 6 new companies have joined STIKK: KosBIT, Zetta Technologies, COM ING, Imbus Peja, SAP dhe Alt3c, evroTarget dhe Microsoft Skopje DOOL (as Associate Member/Patron), bringing the total number to 38 company members. Now, STIKK has 53 members (38 companies, 9 ICT professionals/students, and 6 associate members).

STIKK main activities during year 2016

During 2016, STIKK has held these activities, which are in accordance with its objectives:

Objective 1:

Launch of the National IT Strategy, the Tech Park Prishtina in Bernica, National IT Day, Breakfasts with Members, and the economic reform program of the Ministry of Finance.

Objective 2:

Trainings regarding the STIKK Education training programme, and trainings and workshop regarding the CBC project.

Objective 3:

KosICT 2016 Tech Festival, workshops of the Export Promotion Service & Business Opportunities, B2B events in other countries, and CBC Tech Week in Istog.

Objective 4:

Participation in the Training for Association Management in Vienna, and project proposals for various grants.

Objective 5:

Blood donation (May and October, 2016).

Publication during 2016

"IT Barometer Kosovo 2016" study.

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

Notes to the Financial Statements (continued)

For the year ended December 31, 2016

2. MAJOR PROJECTS IMPLEMENTED DURING THE PERIOD OF THIS FINANCIAL STATEMENTS

In 2016, STIKK has accepted funds for projects from donors, as further explaining in this table:

Donor	Implementation Period	Amount
Project: STIKK Education		
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany <i>through</i>	15.09.2015 – 31.03.2017	43,717.95 €
Competitiveness of the Private Sector in Rural Areas (COSiRA)		
The Royal Norwegian Embassy in Pristina	01.09.2015 – 15.10.2017	40,000.00 €
USAID EMPOWER Private Sector	19.08.2015 – 31.12.2017	35,135.00 €
Project: Harnessing innovation & entrepreneurship in cross-border region of KS and MNE		
An EU funded project, managed by the European Union Office in Kosovo	15.12.2015 - 15.02.2017	213,139.32 €

2.1 Major Projects Implemented

Project: STIKK Education
Donors:
1. GIZ COSiRA
2. Norwegian Embassy in Pristina
3. USAID EMPOWER Private Sector

STIKK Education has been designed to specifically address the obstacles concerning skill-development and training. STIKK Education brings together all of the IT training opportunities already provided by STIKK, with a host of new IT programmes and initiatives. Its vision is to increase the local capabilities in the sector of ICT through professional and competent trainings, specifically designed to meet the needs of the local industry, while keeping on with international technology trends.

Project: Harnessing Innovation & entrepreneurship in cross-border region of KS and MNE
Donors: *1. An EU funded project, managed by the European Union Office in Kosovo*

"Harnessing innovation & entrepreneurship in cross-border region of KS and MNE" project has been designed based on the strategic needs of the region in terms of sustainable economic development and to utilize the paradigm of competitiveness and innovation to increase the quality and quantity of the tourism packages provided and utilization of the opportunities offered by the project to improve income generation. The Kosovar side of the project aims to introduce an Innovation Hub at the Municipality of Istog that will serve the community of the region of Dukagjin to enhance and digitalize their business, more specifically, the tourism businesses. Through this, the project will create opportunities for local youth, businesses and entrepreneurs to advance their products/services.

**Kosovo Association of Information and Communication Technology
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Notes to the Financial Statements (continued)

For the year ended December 31, 2016

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

The financial statements are prepared in accordance with the concept of historical cost convention. Measurement basis of each type of asset, liability, revenue and expense are described in details within this Note.

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are based on the information available as at the date of the financial statements and actual results could differ from those estimates.

These financial statements are prepared as at and for the years ended 31 December 2016 and 2015. Current and comparative data stated in these financial statements are expressed in Euros, which is STIKK's functional and reporting currency, unless otherwise stated.

3.2 Property, plant and equipment

Property and equipment are carried at cost, or fair value for purchased or donated assets, less accumulated depreciation and provision for impairment where required. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount and the difference is charged to the statement of profit and loss. The estimated recoverable amount is the higher of an assets' net selling price and its value-in-use.

The cost or fair value of purchased or donated property and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to their present location and condition necessary for their intended use.

Depreciation is charged on a straight – line basis calculated to write off the recorded cost or fair value or property and equipment over their 5-year estimated useful lives. Leasehold improvements are depreciated with shorter period from the rent period and estimated useful life of the assets, unless it is probable that ownership rights will be transferred to STIKK at the end of the rent period.

3.3 Accounts receivable and other

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is recognized when there is objective evidence that the STIKK will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Individually significant debtors are tested for impairment on an individual basis. The remaining debtors are assessed collectively in groups that share similar credit risk characteristic.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Assets with a short maturity are not discounted. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the statement of profit and loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are recognized as current income in the statement of profit and loss.

3.4 Impairment losses

Financial assets carried at amortised cost

The STIKK assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the STIKK about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the STIKK, including:
 - Adverse changes in the payment status of issuers or debtors in the group; or
 - National or local economic conditions that correlate with defaults on the assets in the group.

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

Notes to the Financial Statements (continued)

For the year ended December 31, 2016

The STIKK first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If there is objective evidence that an impairment loss has been incurred on loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss. If loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the STIKK may measure impairment on the basis of an instrument's fair value using an observable market price.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the profit or loss.

3.5 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are considered to be cash on hand and at bank and in operating accounts at bank with an original maturity of three months or less.

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

Notes to the Financial Statements (continued)

For the year ended December 31, 2016

3.6 Revenue and expense recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amount receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Revenue is recognized as follows:

Rendering of services

Sales of services are recognised in the period in which services are rendered, by reference to the stage of completion when can be measured reliably. The stage of completion is determined based on surveys of work performed.

Financial income is recognized on a time proportion basis that reflects the effective yield on the assets.

Financial expense comprise of interest expense on borrowings and default interest expense on late payments. Borrowing costs are recognized in profit or loss using the effective interest method.

Operating expenses are recognized in the income statement upon utilization of the service.

3.7 Grant income

A grant is recognized in the statement of financial position initially as deferred income when there is reasonable assurance that it will be received and that STIKK will comply with the conditions attached thereto.

Grants that compensate STIKK for expenses incurred are recognized as revenue in the profit and loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate STIKK for the cost of an asset are recognized in the profit and loss as revenue on a systematic basis over the useful life of the asset.

3.8 Funds

Funds are initially created by founders' contributions made in monetary and/or in kind assets carried at their fair values. Subsequently, funds are increased/decreased through additional founders' contributions, and results (surplus/deficit) from operations during the periods.

3.9 Trade and other liabilities

Liabilities are recognized initially at their fair value and subsequently measured at their amortized cost by applying the effective interest rate method.

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

Notes to the Financial Statements (continued)

For the year ended December 31, 2016

3.10 Current and deferred income tax

Taxation has been provided for in the financial statements in accordance with Kosovo tax regulations currently in force, Law No. 05/L-29 "On Corporate Income Tax".

The income tax charge in the statement of profit and loss for the year comprises current tax and changes in deferred tax. Current tax is calculated on the basis of the expected taxable profit for the year using the tax rates in force at the date of the statement of financial position. Taxable profit differs from profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Taxes other than income taxes are recorded within operating expenses.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and STIKK intends to settle its current tax assets and liabilities on a net basis.

3.11 Employee benefits

STIKK makes contributions for the benefit of employees to the Kosovo Pension Saving Trust (KPST). The contributions are expensed as incurred.

3.12 Transactions with related parties

Related parties consist of founders and directors of STIKK, together with entities which they control, who can exert significant influence over the operations and management of the Organization. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

3.13 Events after reporting date

Post-year-end events that provide additional information about STIKK's position at the statement of financial position (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

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

Notes to the Financial Statements (continued)

For the year ended December 31, 2016

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are detailed as follows:

	December 31, 2016	December 31, 2015
Procredit Bank		
Main current account	6,486	202,426
CBC Project account	7,166	-
	13,652	202,426
Petty cash	1,361	944
Total cash and cash equivalents	15,013	203,370

5. ACCOUNTS RECEIVABLES

Receivables are detailed as follows:

	December 31, 2016	December 31, 2015
Adaptivit	1,000	2,000
USAID Empower	3,728	-
GIZ	6,000	-
GIZ - STA	2,467	-
Training fees	288	749
Spark ICT: Value Chain	-	2,396
EU - FP7	-	3,758
Izi Survey	-	250
Microsoft doel Skopje	-	12,422
MZHE	-	5,000
Segura Consulting LLC	-	721
Other receivables	-	140
	13,483	27,436

6. VAT RECEIVABLES

During 2016 the Organization managed an EU fund project and for its expenses STIKK had to request VAT reimbursement from TAK. By 31 December 2016, requested amount from Tax Administration of Kosovo was 5,070 EUR.

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

Notes to the Financial Statements (continued)

For the year ended December 31, 2016

7. FIXED ASSETS

	In EUR
Cost	
1 January 2015	5,637
Additions during the year	4,201
31 December 2015	9,838
1 January 2016	9,838
Additions during the year	36,567
31 December 2016	46,405
Accumulated Depreciation	
1 January 2015	4,963
Yearly depreciation	815
31 December 2015	5,778
1 January 2016	5,778
Yearly depreciation	8,129
31 December 2016	13,907
Net	
31 December 2015	4,060
31 December 2016	32,498

Assets pledged as security

At 31 December 2016, there are no assets, pledged as security on Organization's liabilities. All assets are used in normal course of Organization's business.

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

Notes to the Financial Statements (continued)

For the year ended December 31, 2016

8. PAYABLES

Payables as at 31 December 2016 and 2015 are detailed as follows:

	December 31, 2016	December 31, 2015
Riinvest	9,000	-
Universum	7,800	-
VM3	5,421	962
As Travel	4,224	-
Cactus Education	2,987	-
Zetta LLC	2,000	-
ICK	1,714	-
Taxes and contributions	1,472	1,056
Frakton	630	630
Beki	528	-
Gagi	500	-
IPKO	98	104
Hotel Emerald	-	4,921
Comtrade Computers	-	273
Translation Centre	-	731
Rolling Rabbits	-	400
City Bakery Shpk	-	150
Other	1,195	1,752
	37,569	10,979

9. DEFERRED REVENUE

Deferred revenue as at 31 December 2016 and 2015 is detailed as follows:

	December 31, 2016	December 31, 2015
EUOK: CBC	31,426	191,383
Norwegian Embassy	4,091	14,994
Microsoft	-	911
STA: GIZ	-	12,946
	35,517	220,234

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

Notes to the Financial Statements (continued)

For the year ended December 31, 2016

10. INCOME

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:

	2016	2015
Financed by:		
EUOK: CBC	165,918	288
GIZ	43,663	54
Norwegian Embassy	30,903	5,006
USAID	25,500	-
STIKK	55,501	56,275
Microsoft	911	9,454
GIZ: Local subsidy	-	35,636
SPARK 2015	-	49,891
	322,396	156,604
	2016	2015
STIKK income relates to:		
STIKK - Membership fees	10,140	15,420
STIKK - Training fees	7,896	-
STIKK - Program income	37,195	37,606
STIKK - Other	270	3,249
	55,501	56,275

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

Notes to the Financial Statements (continued)

For the year ended December 31, 2016

11. EXPENDITURES

11.1 EXPENDITURES BY CLASS

Expenditures as at 31 December 2016 and 2015 by main class are composed as follows:

	2016	2015
Salaries	101,107	85,363
Partner expenses	51,783	-
Local and travel expenses	48,850	18,613
Training	42,435	-
Marketing	34,874	23,233
Promotional activities	25,051	22,955
Depreciation	8,129	815
Rent and utilities	7,204	6,761
Consultancies	2,500	32,040
Communication	1,077	1,354
Audit	1,056	2,111
Equipment	768	-
Bank charges	670	843
Interns	288	1,125
Legal services	95	59
Accounting services	-	360
Other expenses	7,384	4,885
	333,271	200,517

11.1 EXPENDITURES BY PROJECT

Project expenses as at 31 December 2016 and 2015 by donors are composed as follows:

	2016	2015
CBC	163,851	288
STIKK	102,943	100,188
GIZ - Stikk education	34,663	54
Norwegian Embassy	30,903	5,006
Microsoft	911	9,454
GIZ: Local subsidy	-	35,636
SPARK 2015	-	49,891
	333,271	200,517

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

Notes to the Financial Statements (continued)

For the year ended December 31, 2016

12. FUNDS BALANCE BY DONOR AND PROJECTS

The fund balance by Donor and projects as at 31 December 2016 and 2015 are composed as follows:

Financed by	Fund balance 31.12.2015	Funds received in 2016	Total funds in 2016	Expenses	Expenses in long term assets	Funds at 31.12.2016
EUOK: CBC	191,383	5,961	197,344	(163,851)	(2,067)	31,426
Norwegian Embassy	14,994	20,000	34,994	(30,903)	-	4,091
Microsoft	911	-	911	(911)	-	-
Academy GIZ	12,946	30,717	43,663	(34,663)	(9,000)	-
USAID	-	25,500	25,500	-	(25,500)	-
Deferred revenue	220,234	82,178	302,412	(230,328)	(36,567)	35,517
STIKK fund unrestricted	(207)	55,501	55,294	(94,814)	-	(39,520)
Capital Fund (in Fixed Assets)	4,060	-	4,060	(8,129)	36,567	32,498
STIKK Fund	3,853	55,501	59,354	(102,943)	36,567	(7,022)
Total Funds	224,087	137,679	361,766	(333,271)	-	28,495

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Notes to the Financial Statements (continued)

For the year ended December 31, 2016

13. FINANCIAL RISK MANAGEMENT

STIKK's activities can be exposed to a variety of financial risks, including credit risk and risks associated with the effects of changes in foreign currency exchange rates and interest rates. The STIKK's risk management focuses on unpredictability of markets and seeks to minimize potential adverse effects over its business performance.

Risk management is carried out by the STIKK's Management 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.

13.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. STIKK is exposed to credit risk in respect of training fees and receivable from its candidates.

13.2 Market risk

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

STIKK is not exposed to foreign exchange risk as transactions are undertaken in local currency. The STIKK does not speculate in or engage in the trading with derivative instruments.

13.3 Interest rate risk

The STIKK currently is not exposed to interest rate risk.

13.4 Liquidity risk

Liquidity risk is defined as the risk when the maturity of assets and liabilities does not match. The STIKK is committed to monitor its liquidity on a periodic basis in order to manage its obligations and when they shall become due.

13.6 Fair value of financial instruments

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

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Notes to the Financial Statements (continued)

For the year ended December 31, 2016

14. RELATED PARTIES DISCLOSURE

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Below are transactions with related parties as of and for the year ended 31 December 2016 and 2015:

31 December 2016	Receivables	Liabilities	Revenues	Costs
ICK	-	1,714	3,000	7,557
Key management short term benefits	-	-	-	57,142
	-	1,714	3,000	64,699

31 December 2015	Receivables	Liabilities	Revenues	Costs
ICK	-	-	400	6,383
Key management short term benefits	-	-	-	51,337
	-	-	400	57,720

15. SUBSEQUENT EVENTS

After 31 December 2016 – the reporting date until the approval of these financial statements, there are no adjusting events reflected in the financial statements or events that are materially significant for disclosure in these financial statements.