



Financial Statements and Independent Auditor's Report

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

31 December 2019

# 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 ("Association" or "STIKK"), which comprise the Statement of financial position as of 31 December 2019, 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 2019, and its financial performance and its cash flows for the year then ended, in accordance with the accounting policies 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.

**Independent Auditor's Report (continued)**

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

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.

**Grant Thornton LLC**

Prishtina,

25 February 2020

Marjan Andonov

Statutory auditor



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

**Statement of financial position**

**At December 31, 2019**

	Notes	December 31, 2019 (in EUR)	December 31, 2018 (in EUR)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	14,854	151,907
Account receivables	5	3,750	4,438
<b>Total Current Assets</b>		<b>18,604</b>	<b>156,345</b>
<b>Non-current assets</b>			
Fixed Assets	6	8,948	16,240
<b>Total Non-current Assets</b>		<b>8,948</b>	<b>16,240</b>
<b>Total Assets</b>		<b>27,552</b>	<b>172,585</b>
<b>Liabilities</b>			
Account payables	7	24,501	24,325
Deferred revenue	8	58,325	167,073
<b>Total Liabilities</b>		<b>82,826</b>	<b>191,398</b>
Capital fund	11	8,948	16,240
STIKK fund	11	(64,222)	(35,053)
<b>Fund balance</b>		<b>(55,274)</b>	<b>(18,813)</b>
<b>Total liabilities and fund balance</b>		<b>27,552</b>	<b>172,585</b>

These financial statements have been approved by the Management of the Organization on 20 February 2020 and signed on its behalf by:

  
Ms. Vjollca Cavolli

Executive Director



  
Ms. Blerina Rexhaj Dreshaj

Finance Manager

The accompanying notes from 1 to 14 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, 2019**

	Notes	Year ended December 31 2019 (in EUR)	Year ended December 31 2018 (in EUR)
<b>Income</b>			
Donors	9	229,568	115,269
STIKK	9	36,763	117,469
<b>Total Income</b>		<b>266,331</b>	<b>232,738</b>
<b>Expenses</b>			
Program expenses	10	(278,429)	(223,133)
Administrative costs	10	(15,961)	(12,881)
Depreciation	10	(8,402)	(8,129)
<b>Total Expenses</b>		<b>(302,792)</b>	<b>(244,143)</b>
<b>Net (deficit) for the year</b>		<b>(36,461)</b>	<b>(11,405)</b>

The accompanying notes from 1 to 14 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, 2019**

	Notes	Year ended December 31 2019	Year ended December 31 2018
<b>Cash Flow from Operating activities</b>			
(Deficit) for the year		(36,461)	(11,405)
<b>Adjustments for:</b>			
Depreciation		8,402	8,129
Increase/Decrease in Account Receivables		688	3,197
Increase/Decrease in Account Payables		176	(14,344)
Increase/Decrease in Deferred Revenues		(108,748)	165,375
<b>Net Cash Flow generated from (used in) Operating Activities</b>		<b>(135,943)</b>	<b>150,952</b>
<b>Cash From Investing Activities</b>			
Payments for purchase of Property and Equipment		(1,110)	-
<b>Net Cash Flow from Investing Activities</b>		<b>-</b>	<b>-</b>
<b>Cash From Financing Activities</b>			
The Increase/Decrease in Organization funds		-	-
<b>Net Cash Flow from Investing Activities</b>		<b>-</b>	<b>-</b>
<b>Increase/Decrease in Cash and Cash Equivalents</b>		<b>(137,053)</b>	<b>150,952</b>
Cash and cash equivalents in the beginning of the year		151,907	955
<b>Cash and cash equivalents in the end of the year</b>		<b>14,854</b>	<b>151,907</b>

The accompanying notes from 1 to 14 form an integral part of these financial statements

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

## Notes to the Financial Statements (continued)

For the year ended December 31, 2019

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### 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	Donjeta Sahatçiu	Rrota	President
2	Vigan Budima	Asseco SEE	Vice-President
3	Mentor Sahiti	Adaptivit	Member
4	Darsej Rizaj	Star Labs	Member
5	Ermal Sadiku	LinkPlus IT	Member
6	Zana Tabaku	Appdec	Member
7	Arianit Fazliu	Kutia	Member
8	Zana Shehu Budima	ABC Software Development	Member
9	Çelik Nimani	Frakton	Member



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

## Notes to the Financial Statements (continued)

For the year ended December 31, 2019

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### 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 main activities during year 2019

During 2019, STIKK has held these activities, which are in accordance with its objectives:

#### Objective 1:

As part of objective one, STIKK has arranged and initiated activities to support the growth of the ICT sector. Some of the activities that fall under this objective are: Arranging the review meetings for the Kosovo IT Strategy, Completing the TechPark detailed plan, Initiating the Tender for the First Phase of TechPark Rehabilitation and Reconstruction, and the Public Presentation of the IT Barometer 2019.

#### Objective 2:

Regarding objective two and the development of human resources of the ICT sector, STIKK has initiated these activities: Organising the "Strategic Thinking" workshop, Conducting the Internship phase for the 3rd group of STIKK Education Group 3, and Organising the professional training and development phase for the 4th group of STIKK Education.

#### Objective 3:

The goal of the third objective consists in creating and developing new business opportunities for our member companies by empowering and expanding their business network. Some of the activities that support this objective are: Launching of the new project supported by GIZ – Creating Employment through Export Promotion (CETEP), Round Table discussion on opportunities and challenges which Kosovo companies face in exporting their IT services, Organising domestic B2B meetings with other sectors, Participation in BME Symposium in Berlin, Organizing B2B meetings in Nuremberg, and Organizing the 7-th edition of KosICT.

#### Objective 4:

The fourth objective consisting of creation of conditions for a sustainable activity of STIKK was supported from these activities: STIKK's 10-th Assembly Meeting, and Applying and approval of projects from different calls.

**Kosovo Association of Information and Communication Technology  
("STIKK")**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2019**

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**Objective 5:**

Supporting members in exercising social responsibility of the ICT sector was supported by this activity: Voluntary blood donation.

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

In 2019, STIKK has accepted funds for projects from donors, as further explaining in this table:

Donor	Implementation Period	Amount
Project: "Strengthening the Export Capacities of the Kosovo ICT Sector"		
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany	01.06.2019 – 31.12.2019	80,200.40 €

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**Kosovo Association of Information and Communication Technology  
("STIKK")  
Notes to the Financial Statements (continued)  
For the year ended December 31, 2019**

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**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 2018 and 2017. 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 Fixed assets**

Fixed assets, consisting mainly of computers, office furniture 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.

**Kosovo Association of Information and Communication Technology  
("STIKK")  
Notes to the Financial Statements (continued)  
For the year ended December 31, 2019**

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**3.3 Customers' and other receivable**

Customers' and other receivable 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. Debtors are tested for impairment on an individual basis.

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 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, 2019**

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**3.5 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*

Income from rendering of services is 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.

*Membership fees*

These are recognized in the period in which they are received.

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.

**3.6 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.

**3.7 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, depreciation charged for the period and results (surplus/deficit) from operations during the periods.

**3.8 Suppliers' and other payables**

Suppliers' and other payables 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, 2019**

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### **3.9 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.

### **3.10 Employee benefits**

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

### **3.11 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.

### **3.12 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, 2019**

**4. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are detailed as follows:

	December 31, 2019	December 31, 2018
<b>Procredit Bank</b>		
Main current account	8,062	125,097
Project account	5,993	25,438
	<b>14,055</b>	<b>150,535</b>
Petty cash	799	1,372
<b>Total cash and cash equivalents</b>	<b>14,854</b>	<b>151,907</b>

**5. ACCOUNT RECEIVABLES**

Receivables are detailed as follows:

	December 31, 2019	December 31, 2018
Adaptivit	200	600
Sentry	-	600
Kutia Digital Agency	-	500
Appdec	-	600
Linkplus IT	450	900
StarLabs LLC	-	538
Art House	-	600
Training fees	-	100
ABC Software Development	70	-
Frakton SH.P.K	200	-
Financial Core	100	-
Hallakate sh.p.k	880	-
Tech Frame sh.p.k	1,600	-
" CODA TECH LABS " L.L.C	250	-
Other receivables	-	-
	<b>3,750</b>	<b>4,438</b>

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

**Notes to the Financial Statements (continued)**

**For the year ended December 31, 2019**

**6. FIXED ASSETS**

	In EUR
<b>Cost</b>	
1 January 2018	46,405
Additions during the year	-
<b>31 December 2018</b>	<b>46,405</b>
1 January 2019	46,405
Additions during the year	1,110
<b>31 December 2019</b>	<b>47,515</b>
<b>Accumulated Depreciation</b>	
1 January 2018	22,036
Yearly depreciation	8,129
<b>31 December 2018</b>	<b>30,165</b>
1 January 2019	30,165
Yearly depreciation	8,402
<b>31 December 2019</b>	<b>38,567</b>
<b>Net</b>	
31 December 2018	16,240
<b>31 December 2019</b>	<b>8,948</b>

**Assets pledged as security**

At 31 December 2019, 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, 2019**

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**7. ACCOUNT PAYABLES**

Details of payables as at 31 December 2019 and 2018 are as follows:

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Payables towards suppliers	7,003	6,540
Payables towards donors	15,345	14,545
Payroll liabilities	1,673	2,491
Other payables	480	749
	<b>24,501</b>	<b>24,325</b>

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**8. DEFERRED REVENUE**

Deferred revenue as at 31 December 2019 and 2018 is detailed as follows:

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
GIZ	5,776	31,480
Ministry of Innovation and Entrepreneurship	52,549	135,592
	<b>58,325</b>	<b>167,073</b>

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**Kosovo Association of Information and Communication Technology  
("STIKK")**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2019**

**9. INCOME**

Funds received from donors are restricted for use in accordance with specific project agreements.

Funds received by donors and released through income are composed of as follows:

	<b>2019</b>	<b>2018</b>
<b>Financed by:</b>		
GIZ – CETEP	42,174	106,750
GIZ: Local subsidy	-	6,150
GIZ 2019	66,312	-
Ministry of Innovation and Entrepreneurship	83,043	2,369
Ministry of Economic Development	5,000	-
Prishtina Municipality	3,000	-
ESICEE	4,979	-
ICK	7,060	-
Procredit Bank	10,000	-
Empower	3,000	-
Monego	5,000	-
<b>Donors</b>	<b>229,568</b>	<b>115,269</b>
<b>STIKK Income</b>	<b>36,763</b>	<b>117,469</b>
<b>Total income</b>	<b>266,331</b>	<b>232,738</b>

	<b>2019</b>	<b>2018</b>
<b>STIKK income is intended to finance the following expenses:</b>		
STIKK - Membership fees	17,394	19,282
STIKK - Training fees	1,050	4,000
STIKK - Program income	16,919	90,402
STIKK - Other	1,400	3,785
	<b>36,763</b>	<b>117,469</b>

**Kosovo Association of Information and Communication Technology  
("STIKK")**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2019**

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**10. EXPENDITURES**

**10.1 EXPENDITURES BY CLASS**

Expenditures as at 31 December 2019 and 2018 by main class are composed as follows:

	<b>2019</b>	<b>2018</b>
Salaries	98,017	58,902
Tech Park	-	50,075
Promotional activities	78,303	43,686
Training	40,375	24,873
Consultancies	11,021	12,000
Partner expenses	3,667	10,244
Depreciation – charged to capital fund	8,402	8,129
Rent and utilities	7,199	7,199
Interns	21,511	6,000
Local and travel expenses	5,468	3,270
Representation	1,262	3,208
Marketing	3,208	2,519
Communication	1,590	2,049
Bad debt	-	1,411
Audit	1,133	1,133
Bank charges	1,043	642
Accounting services	-	590
Legal services	-	425
Recovery fund	16,053	-
Other expenses	4,541	7,788
<b>Total</b>	<b>302,792</b>	<b>244,143</b>

Recovery fund charges, which incurred during 2019 amounting Euro 16,053 relate to recovery fund for the project: 'tittle' Harnessing innovation & entrepreneurship in cross-border region of Kosovo and Montenegro' with contract no: 2015/368-761 & 2015/368-763 for the period 15/12/2015-15/02/2017. After the final financial report and the on-the-spot check, the European Commission issued the Debit Note for the amount that needed to be recovered by the Organization.

**Kosovo Association of Information and Communication Technology  
("STIKK")**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2019**

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**10.2 EXPENDITURES FINANCED BY DONORS AND STIKK**

Project expenses for the years ended 31 December 2019 and 2018 are financed through following by donors are composed as follows:

	<b>2019</b>	<b>2018</b>
GIZ - CETEP	42,174	106,750
GIZ 2019	66,312	-
GIZ: Local subsidy	-	6,150
Ministry of Innovation and Entrepreneurship	83,043	2,369
Procredit Bank	10,000	0.00
Ministry of Economic Development	5,000	0.00
Monego	5,000	0.00
Empower	3,000	0.00
ICK	7,060	0.00
Komuna e Prishtines	3,000	0.00
ESICE	4,979	0.00
<b>Total financed by Donors</b>	<b>229,568</b>	<b>115,269</b>
<b>Total financed by STIKK</b>	<b>73,225</b>	<b>128,874</b>
<b>Total</b>	<b>302,792</b>	<b>244,143</b>

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

**Notes to the Financial Statements (continued)**

**For the year ended December 31, 2019**

**11. FUNDS BALANCE AND DEFERRED REVENUE BY DONOR AND PROJECTS**

Reconciliation of the fund balance for the reporting period, breakdown by donors and projects is as follows:

<b>Financed by</b>	<b>Fund balance 31.12.2018</b>	<b>Funds received in 2019</b>	<b>Total funds in 2019</b>	<b>Expenses</b>	<b>Expenses in long term assets</b>	<b>Funds at 31.12.2019</b>
<b>Deferred revenue</b>						
GIZ CETEP	31,481	10,694	42,174	(42,174)		-
GIZ 2019	-	72,088	72,088	(66,312)		5,776
Procredit Bank	-	10,000	10,000	(10,000)		-
Ministry of Economic Development	-	5,000	5,000	(5,000)		-
Monego	-	5,000	5,000	(5,000)		-
ICK	-	7,060	7,060	(7,060)		-
EMPOWER	-	3,000	3,000	(3,000)		-
ESICEE	-	4,979	4,979	(4,979)		-
Prishtina Municipality	-	3,000	3,000	(3,000)		-
Ministry of Innovation and Entrepreneurship	135,592	-	135,592	(83,043)	-	52,549
<b>Total Deferred revenue</b>	<b>167,073</b>	<b>120,821</b>	<b>287,893</b>	<b>(229,568)</b>	<b>-</b>	<b>58,325</b>
<b>Funds</b>						
<b>STIKK fund unrestricted</b>	<b>(35,053)</b>	<b>35,653</b>	<b>601</b>	<b>(64,823)</b>	<b>-</b>	<b>(64,222)</b>
<b>Capital Fund (in fixed assets)</b>	<b>16,240</b>	<b>1,110</b>	<b>17,350</b>	<b>(8,402)</b>	<b>-</b>	<b>8,948</b>
<b>Total Funds</b>	<b>(18,813)</b>	<b>36,763</b>	<b>17,413</b>	<b>(73,225)</b>	<b>-</b>	<b>(55,274)</b>

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**Notes to the Financial Statements (continued)**

**For the year ended December 31, 2019**

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**12. 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 minimizing the potential adverse effects of risks 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.

**12.1 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 from its customers where it provides trainings as well as from its candidates to whom it provides support.

**12.2 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.

**12.3 Interest rate risk**

The STIKK currently is not exposed to interest rate risk.

**12.4 Liquidity risk**

Liquidity risk is defined as the risk when the maturity of assets and liabilities does not match. STIKK regularly monitors its liquidity in order to settle its obligations when they become due.

**12.5 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, 2019**

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**13. RELATED PARTIES**

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 2019 and 2018:

31 December 2019	Receivables	Liabilities	Revenues	Costs
ICK	-	-	7,060	3,821
Key management short term benefits	-	-	-	44,397
	-	-	<b>7,060</b>	<b>48,218</b>

31 December 2018	Receivables	Liabilities	Revenues	Costs
ICK	-	275	9,200	8,050
Key management short term benefits	-	-	-	49,732
	-	<b>275</b>	<b>9,220</b>	<b>57,782</b>

**14. SUBSEQUENT EVENTS**

After 31 December 2019 – 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.

