



Balkan Green Foundation

Independent Auditor's Report and financial statements
for the year ended December 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Management of Balkan Green Foundation

Opinion

We have audited the accompanying financial statements of the Balkan Green Foundation (from now on referred to as BGF), which comprise the statement of financial position as at December 31, 2017 the statement of profit or loss, statement of changes in fund balances and statement of cash flow for the year then ended, and other explanatory notes.

In our opinion, the presented financial statements present fairly, in all material respects, the financial position of BGF as of December 31, 2017 and the results of its operation for the year then ended in conformity with International Financial Reporting Standards.

Responsibilities of Management and those charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard and the internal controls that the management deems necessary to enable the preparation of financial statements without material misstatement due to fraud or error. For the financial statements preparation, management is responsible for assessing the organization's ability to sustainability in the future, disclosing, as necessary, future sustainability issues and using the accounting continuity principle unless management intends to liquidate the Organization or Interrupt the operation, or there is no other possible alternative than to do it. Those charged with governance are responsible for overseeing the Organization'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 are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in total, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

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.

ACA – Audit & Consulting Associates
Prishtine, Kosovo
November 2018

BALKAN GREEN FOUNDATION
Statement of Financial Position
For the year ended December 31, 2017

| | Notes | 31-Dec-17 (in EUR) | 31-Dec-16 (in EUR) |
|-------------------------------------|-------|-----------------------|-----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | 4 | - | - |
| Total non-current assets | | | |
| Current assets | | | |
| Cash and bank balances | 5 | 186,382 | 61,874 |
| Accounts receivables - MAP | | - | - |
| Tax prepayments | | 93 | |
| Total current assets | | 186,475 | 61,874 |
| TOTAL ASSETS | | 186,475 | 61,874 |
| LIABILITIES AND RESERVES | | | |
| Current liabilities | | | |
| Accounts payable | 6 | 7,156 | 841 |
| Deferred revenues | 7 | 179,319 | 61,034 |
| Total current liabilities | | 186,475 | 61,875 |
| Non-current liabilities | | | |
| Total non-current liabilities | | - | - |
| Equity | | | |
| Profit/Loss from the Year | | - | - |
| Total equity | | - | - |
| TOTAL LIABILITIES AND EQUITY | | 186,475 | 61,875 |

The financial statements have been signed on November 2018 by:

Visar Azemi
 Executive Director

Doruntina Murati - Gashi
 Finance Officer

The accompanying notes from 1 to 16 form an integral part of these financial statements

BALKAN GREEN FOUNDATION
Statement of Revenue and expenditures
For the year ended December 31, 2017

| | Notes | Year ended December 31, 2017 (in EUR) | Year ended December 31, 2016 (in EUR) |
|---|-----------|---|---|
| Income | | | |
| Income | 8 | 164,782 | 123,247 |
| Total Income | | 164,782 | 123,247 |
| Expenditure | | | |
| Administrative and office expenses | 9 | 23,722 | 12,901 |
| Salary expenses | 10 | 60,648 | 56,926 |
| Activity expenses | 11 | 38,266 | 51,189 |
| Other | 12 | 7,991 | 2,231 |
| Donations | 13 | 34,155 | - |
| Total expenditure | | 164,782 | 123,247 |
| Excess of the income over expenses | | - | - |

The accompanying notes from 1 to 16 form an integral part of these financial statements

BALKAN GREEN FOUNDATION
Statement of Changes in Equity
For the year ended December 31, 2017

| | Retained surplus (in EUR) | Total Reserves (in EUR) |
|--|--|--|
| Balance as at January 1, 2016 | - | - |
| Net deficit/surplus for the year ended December 31, 2016 | - | - |
| Balance as at January 1, 2017 | <u>-</u> | <u>-</u> |
| Net deficit/surplus for the year ended December 31, 2017 | - | - |
| Balance as at December 31, 2017 | <u><u>-</u></u> | <u><u>-</u></u> |

The accompanying notes from 1 to 16 form an integral part of these financial statements

BALKAN GREEN FOUNDATION
Statement of Cash Flows
For the year ended December 31, 2017

| | Year ended December 31, 2016 (in EUR) | Year ended December 31, 2015 (in EUR) |
|--|---|---|
| Cash flows from operating activities | | |
| (Deficit)/surplus for the period | - | - |
| Adjustment for: | | |
| Depreciation | - | - |
| Change in payables | 6,316 | 219 |
| Change in prepayment | (93) | |
| Change in deferred revenues | 118,285 | 32,723 |
| Net cash from operating activities | 124,508 | 32,942 |
| Cash flows from investing activities | | |
| Acquisition of property and equipment | - | - |
| Net cash used in investing activities | - | - |
| Net increase in cash and cash equivalents | 124,508 | 32,942 |
| Cash and cash equivalents at 1 January | 61,874 | 28,932 |
| Cash and cash equivalents at 31 December | 186,382 | 61,874 |

The accompanying notes from 1 to 16 form an integral part of these financial statements

1. INTRODUCTION

Balkan Green Foundation (BGF) is a regional organization that promotes inclusive and equitable progress within the Western Balkans on sustainable development domain. Along with its partner organizations, BGF places a strong focus on advocating for solutions that promote development policies, which are in line with world's latest developments, global challenges and national agendas for EU integration. Regional initiatives are undertaken on an ongoing basis to further convey BGF's commitment towards regional sustainability, ensuring the strengthening and advancement of vital policies affecting key sectors, such as energy, environment, and economy.

BGF has been successfully positioned as a key strategic partner for regional and global institutions, organizations, and communities in promoting sustainable development, transforming innovative concepts into powerful solutions, and strengthening regional and global partnerships.

BALKAN GREEN FOUNDATION
Notes to the Financial Statements (continued)
For the year ended December 31, 2017

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

1.1 Standards and Interpretations effective in the current period

Below are presented the amendments to the existing standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee which are effective for the current period:

| Standard | Description | Effective date |
|----------------------------------|---|--|
| Amendment to IFRS 14 | Regulatory Deferral Accounts | beginning on or after 1 January 2016 |
| Amendment to IFRS 10 | Consolidated Financial Statements | beginning on or after 1 January 2016 |
| Amendment to IFRS 11 | Joint Arrangements | beginning on or after 1 January 2016 |
| Amendment to IFRS 12 | Disclosure of Interests in other Entities | beginning on or after 1 January 2017 |
| Amendment to IAS 1 | Presentation of Financial Statements | beginning on or after 1 January 2016 |
| Amendment to IAS 7 | Disclosure Initiative | beginning on or after 1 January 2017 |
| Amendment to IAS 12 | Recognition of Deferred Tax Assets for Unrealised Losses | beginning on or after 1 January 2017 |
| Amendment to IAS 16 | Property, Plant and Equipment | beginning on or after 1 January 2016 |
| Amendment to IAS 27 | Separate Financial Statements | beginning on or after 1 January 2016 |
| Amendment to IAS 28 | Investments in Associates and Joint Ventures | beginning on or after 1 January 2016 |
| Amendment to IAS 38 | Intangible Assets | beginning on or after 1 January 2016 |
| Amendment to IAS 41 | Agriculture-Bearer Plants | beginning on or after 1 January 2016 |
| Amendment to different standards | Improvements to IFRS (2012-2014 Cycle)-resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to remove inconsistencies and clarifying wording | annual periods beginning on or after January 1, 2016 |
| Amendment to different standards | Improvements to IFRS (2010-2012 Cycle) - The annual project resulting from improvements in quality of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, | beginning on or after 1 July 2014 |

| | | |
|----------------------------------|--|---|
| | IAS 24 and IAS 38) primarily with a view to remove inconsistencies and clarifying wording | |
| Amendment to different standards | Improvements to IFRS (2011-2013 Cycle)-resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to remove inconsistencies and clarifying wording | annual periods beginning on or after July 1, 2014 |

2.2 Standards and interpretations in issue not yet effective

In these financial statements the following standards, revisions and interpretations were in issue but not yet effective:

| Standard | Description | Effective date |
|----------|---|--------------------------------------|
| IFRS 1 | Amendments resulting from <i>Annual Improvements 2014–2016 Cycle</i> (removing short-term exemptions) | beginning on or after 1 January 2018 |
| IFRS 2 | Classification and Measurement of Share-based Payment transactions | beginning on or after 1 January 2018 |
| IFRS 3 | Amendments resulting from <i>Annual Improvements 2015–2017 Cycle</i> (remeasurement of previously held interest) | beginning on or after 1 January 2019 |
| IFRS 9 | Finalized version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition. | beginning on or after 1 January 2018 |
| IFRS 9 | Amendments regarding prepayment features with negative compensation and modifications of financial liabilities | beginning on or after 1 January 2019 |
| IFRS 11 | Amendments resulting from <i>Annual Improvements 2015–2017 Cycle</i> (remeasurement of previously held interest) | beginning on or after 1 January 2019 |

BALKAN GREEN FOUNDATION
Notes to the Financial Statements (continued)
For the year ended December 31, 2017

| | | |
|---------|--|--------------------------------------|
| IFRS 15 | Clarifications to IFRS 15 | beginning on or after 1 January 2018 |
| IFRS 16 | Leases | beginning on or after 1 January 2019 |
| IFRS 17 | Original issue | beginning on or after 1 January 2021 |
| IAS 12 | Amendments resulting from <i>Annual Improvements 2015–2017 Cycle</i> (income tax consequences of dividends) | beginning on or after 1 January 2019 |
| IAS 19 | Amendments regarding plan amendments, curtailments or settlements | beginning on or after 1 January 2019 |
| IAS 23 | Amendments resulting from <i>Annual Improvements 2015–2017 Cycle</i> (borrowing costs eligible for capitalization) | beginning on or after 1 January 2019 |
| IAS 28 | Amendments resulting from <i>Annual Improvements 2014–2016 Cycle</i> (clarifying certain fair value measurements) | beginning on or after 1 January 2018 |
| IAS 28 | Amendments regarding long-term interests in associates and joint ventures | beginning on or after 1 January 2019 |
| IAS 40 | Amendments to clarify transfers or property to, or from, investment property | beginning on or after 1 January 2018 |

The organization has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The entity anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements of the entity in the period of initial application.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards.

3.2 Basis of preparation

Financial Statements are prepared for reporting purposes in accordance with applicable International Financial Reporting Standards, and represent the entire picture that occurred

in “BGF” during 2016 and 2017. Financial Statements are prepared on accrual basis, based on which revenues and expenses are recognized at the time when either received or paid. Its financial records are based on MS Excel Spreadsheet. At the present state of accounting of BGF, it is not possible to generate a comprehensive balance sheet or an income statement for the organization as a whole.

3.3 Currency of presentation

The reporting currency of BGF is the European Union currency unit Euro (“EUR”). The organization has two bank accounts in Raiffeisen Bank, where one is in EUR and the other in USD currency.

3.4 Significant accounting policies

A summary of the most significant accounting policies adopted in the preparation of the financial statements is presented below:

3.4.1 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.

3.4.2 Foreign currencies

Transactions in foreign currencies are converted into EUR at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to EUR at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the statement of activities. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are converted at the foreign exchange rate ruling at the date of the transaction.

3.4.3 Revenue recognition

Revenues from grants are recognized as income on the period when received. At the end of the year the excess amount of revenues over expenses is treated as balance carried forward to the next period.

3.4.4 Property and equipment

BGF presents all purchased equipments in the statement of revenue and expenditure. Therefore they are not capitalized nor are depreciated.

3.4.5 Expenses recognition

Expenses incurred for generation incomes are recognized in that period in accrual basis.

3.4.6 Taxation

BGF is established as a nongovernmental organization, therefore has responsibility and operates as an NGO under applicable Kosovo Laws.

3.4.7 Employee benefits

The organization makes no provision for and has no obligation for employee pensions over and above the contributions paid into the Kosovo Pension Savings Trust.

BALKAN GREEN FOUNDATION
Notes to the Financial Statements (continued)
For the year ended December 31, 2017

3.4.8 Critical judgments in applying the organization's accounting policies

In the process of applying the Organization's accounting policies, which are described in note 3 above, management has made no judgments that have significant effect on the amounts recognized in the financial statements.

4. PROPERTY AND EQUIPMENT

The organization treats every purchase of assets as expense. Therefore, they are not capitalized nor are depreciated.

5. CASH AND CASH EQUIVALENTS

The Organization has two bank accounts at Raiffeisen Bank, where one account is in EUR and the other in USD currency.

| | December 31, 2017 (in EUR) | December 31, 2016 (in EUR) |
|-------------------------------------|---|---|
| Cash on hand | 299 | 187 |
| Cash at bank | 186,084 | 61,687 |
| Total Cash and Bank Balances | 186,382 | 61,874 |

6. ACCOUNTS PAYABLE

Accounts payable are related to taxes on personal income, pension contribution, tax on rent. Here are included some operational expenses that have to do with activities occurring during the previous year whereas payments were made during 2018.

| | December 31, 2017 (in EUR) | December 31, 2016 (in EUR) |
|-------------------------------|---|---|
| Operational Expenses | 6,172 | |
| Salaries | 163 | - |
| Tax on Salaries | 772 | 791 |
| Tax on rent | 49 | 49 |
| Total accounts payable | 7,156 | 841 |

BALKAN GREEN FOUNDATION
Notes to the Financial Statements (continued)
For the year ended December 31, 2017

7. DEFERRED REVENUES

Deferred revenue as at 31 December 2017 represents the unspent funds donated in 2017 from the Donors mentioned below.

| | December 31, 2017 (in EUR) | December 31, 2016 (in EUR) |
|--------------------------------|---|---|
| Rockefeller Brothers Fund | 16,506 | 61,034 |
| EU | 166,956 | - |
| E3G | 11 | - |
| MAP | (4,154) | - |
| Total deferred revenues | 179,319 | 61,034 |

8. INCOME FROM GRANTS

Below are listed the grants that BGF has received in 2017:

| | December 31, 2017 (in EUR) | December 31, 2016 (in EUR) |
|--|---|---|
| Income from Rockefeller Brothers Fund | 151,163 | 137,977 |
| Income from Zelena akcija/FoE Croatia | - | 9,190 |
| Income from Institute of International Education | - | 8,341 |
| Income from E3G | 8,963 | - |
| Income from EU | 502 | - |
| Other Income | 4,154 | 463 |
| Deferred Income from previous year | - | 28,310 |
| Deferred Income | - | (61,034) |
| Total incomes | 164,782 | 123,247 |

BALKAN GREEN FOUNDATION
Notes to the Financial Statements (continued)
For the year ended December 31, 2017

In the table below are presented incomes that are recognized in 2017 and the unspent amount is represented as a deferred revenue.

| EUR | RBF | Zelena Akcia | E3G | MAP | EU | Total |
|------------------------------------|---------------|--------------|-----------|----------------|----------------|----------------|
| Balance at 31 December 2016 | 65,334 | (4,300) | - | - | - | 61,034 |
| Additions in 2017 | 101,434 | 4,300 | 8,974 | - | 167,458 | 282,167 |
| Income recognized in 2017 | (151,163) | - | (8,963) | (4,154) | (502) | (164,782) |
| Balance at 31 December 2017 | 16,506 | - | 11 | (4,154) | 166,956 | 178,418 |

9. ADMINISTRATIVE AND OFFICE EXPENSES

| | December 31, 2017 (in EUR) | December 31, 2016 (in EUR) |
|---|----------------------------------|----------------------------------|
| Rent expenses | 6,998 | 6,598 |
| Office supplies | 1,829 | 198 |
| Communication expenses | 1,405 | 2,093 |
| Bank charges and external audit | 1,683 | 495 |
| Website maintenance | 575 | 180 |
| Representation expenses | 11,232 | 3,337 |
| Total administrative and office expenses | 23,722 | 12,901 |

BALKAN GREEN FOUNDATION
Notes to the Financial Statements (continued)
For the year ended December 31, 2017

10. PAYROLL EXPENSES

| | December 31, 2017 (in EUR) | December 31, 2016 (in EUR) |
|------------------------------|---|---|
| Salaries | 54,872 | 54,215 |
| Pension contribution | 5,776 | 2,711 |
| Total salary expenses | 60,648 | 56,926 |

11. ACTIVITY EXPENSES

| | December 31, 2017 (in EUR) | December 31, 2016 (in EUR) |
|---------------------------------------|---|---|
| Annual meeting and public events | 12,964 | 27,854 |
| Accommodation and daily allowances | - | 10,292 |
| Travel | - | 13,043 |
| International and Regional Activities | 11,239 | - |
| Philanthropy for Green Ideas | 14,064 | - |
| Total activity expenses | 38,266 | 51,189 |

12. Other

| | December 31, 2017 (in EUR) | December 31, 2016 (in EUR) |
|-----------------------------|---|---|
| Other RBF | 3,491 | 2,231 |
| OTHER E3G | 4,500 | - |
| Utilities | - | 762 |
| Total other expenses | 7,991 | 2,993 |

13. Donations

Philanthropy for Green Ideas was a stimulation and encouragement innovation for green business ideas to generate green business ideas that utilize local resources and revitalize disappearing traditional production chains and community-based markets.

The Regional Competition will be facilitated among national winners from Albania, Kosovo, Macedonia, Montenegro, Serbia (three from each country), but starting from this year BGF will introduce green ideas from Bosnia and Herzegovina too. A prize of 10,000 USD will be given to the first three winners of the regional competition to implement their business ideas. The two- day regional competition will take place each year in one of the countries of the region, which will be decided together with the National Foundations from the all six WB countries. An independent jury body, professional experts, will be invited to assess the best ideas to be supported according to the criteria set by the program.

Selection was made based on the evaluation from the jury, those who received more points were the ones selected as winners.

| Month | Date | Value \$ | Exchange rate | Value € |
|-------|------------|--------------|---------------|--------------------|
| AUG | 28.08.2017 | \$ 10,000.00 | 0.8538787 | € 8,538.79 |
| SEP | 05.09.2017 | \$ 10,000.00 | 0.8538787 | € 8,538.79 |
| SEP | 28.09.2017 | \$ 20,000.00 | 0.8538787 | € 17,077.57 |
| TOTAL | | | | € 34,155.15 |

14. RELATED PARTY 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.

15. RISK MANAGEMENT

15.1 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. BGF is not exposed to credit risk in respect of Grant receivable from its Donors.

15.2 Interest rate risk

The organization is not exposed to interest rate risk as they do not have any borrowings or placements.

15.3 Foreign exchange risk

BGF is exposed to foreign exchange risk as transactions are undertaken both in local and foreign currency. BGF does not speculate in or engage in the trading of derivative financial instruments.

15.4 Liquidity risk

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

16. SUBSEQUENT EVENTS

There are no subsequent events that would require either adjustments or additional disclosures in the financial statements.