



Mitrovica Rock School

Independent Auditor's Report and Individual Financial Statements
for the year ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Management of Mitrovica Rock School

Opinion

We have audited the accompanying financial statements of Mitrovica Rock School, which comprise the statement of financial position as at December 31, 2020 and 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 financial statements referred to above present fairly, in all material respects, the financial position of Mitrovica Rock School as of December 31, 2020, results of its operation and the cash flow for the year then ended in conformity with actual laws.

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 Project financial report section of our report. We are independent of the Business in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 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.

Astrit Musa

Astrit Musa – Statutory Auditor
ACA – Audit & Consulting Associates
Prishtine, Kosove
29 March 2021



Mitrovica Rock School
Statement of Financial Position
For the year ended December 31, 2020

		As of December 31, 2020 (in EUR)	As of December 31, 2019 (in EUR)
ASSETS			
Current assets			
Cash and bank balances	3	17,459	4,523
Prepayment	4	37	1,498
Non-current assets		<u>17,496</u>	<u>6,021</u>
Property and equipment		-	-
Total non-current assets		<u>-</u>	<u>-</u>
TOTAL ASSETS		<u><u>17,496</u></u>	<u><u>6,021</u></u>
LIABILITIES AND RESERVES			
Current liabilities			
Accounts payable and accrued expenses	5	1,754	1,853
Deferred Revenues and Other Liabilities	6	<u>15,742</u>	<u>4,168</u>
Total current liabilities		<u>17,496</u>	<u>6,021</u>
Reserves			
Retained surplus		-	-
Net (deficit)/surplus for the year		-	-
Total reserves		<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND RESERVES		<u><u>17,496</u></u>	<u><u>6,021</u></u>

The financial statements have been signed on 29 March 2021 by:

Milizza Kosova


Legal Representative

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

Mitrovica Rock School
Statement of Profit or Loss
For the year ended December 31, 2020

		Year ended December 31, 2020 (in EUR)	Year ended December 31, 2019 (in EUR)
	Notes		
Income			
Income from Donors	7	97,800	112,661
Total income		97,800	112,661
Expenditure			
Staff salaries and benefits	8	63,304	63,298
Travel & Transport	9	1,882	5,172
Equipment & Supplies	10	5,481	13,764
Local Office	11	5,040	5,249
Project Activities	12	2,322	5,682
Mitrovica Rock School Facilities	13	15,960	17,415
Other	14	3,811	2,080
Penalty on late VAT registering			
Total expenditure		97,800	112,661
Net (Deficit)/surplus for the year		-	-

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

Mitrovica Rock School
Statement of Cash Flows
For the year ended December 31, 2020

	Year ended December 31, 2020 (in EUR)	Year ended December 31, 2019 (in EUR)
Cash flows from operating activities		
(Deficit)/surplus for the period	-	-
Adjustment for:	-	-
Depreciation	-	-
Other Adjustments (last year profit)	-	-
Change in deferred revenues	11,574	(10,519)
Change in receivables	1,461	759
Change in other receivables	-	328
Change in payables	(99)	(4,403)
Change in other current liabilities	-	-
Net cash from operating activities	12,936	(13,834)
Cash flows from investing activities		
Acquisition of property and equipment	-	-
Net cash used in investing activities	-	-
Net increase in cash and cash equivalents	12,936	(13,834)
Cash and cash equivalents at 1 January	4,523	18,357
Cash and cash equivalents at 31 December	17,459	4,523

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

Mitrovica Rock School

Notes to the Financial Statements

For the year ended December 31, 2020

1. INTRODUCTION

The Mitrovica Rock School (MRS) is a non-governmental organization registered under the laws of Kosovo at the end of 2012. The school started in 2008 as a project of Musicians Without Borders (MWB) and Community Building Mitrovica (CBM), founded with the aim to bridge ethnic, ideological and religious divides between youth in north and south Mitrovica through music.

Due to the security situation, the MRS was unable to realize its original goal of establishing the school in a single location, working instead from branches in north and south Mitrovica and, for the first years, bringing youth together in band camps and training weeks outside Kosovo. Since 2011, the Rock School has been working with long-term ethnically mixed bands who write their own material, a growing program which increasingly became the face of the school. By year-end 2015, the mixed band program had grown to such an extent as to make travel abroad unsustainable, and students agreed to come together in Mitrovica. In 2018 we gave our first mixed-band concerts in Mitrovica itself, a tradition we continued in 2019, with mixed concerts held for mixed audiences in Mitrovica in July and December.

From August 2008 through December 2020, over 1,400 youth have attended the MRS. The school has had 49 ethnically mixed bands (24 cover bands, 25 original bands). On average, the MRS delivers around 230 activities per month (lessons, workshops, band sessions, concerts, presentations, etc.), making it one of Mitrovica's most active organizations. The MRS has been featured in hundreds of media reports and has been hailed for its original approach to reconciliation.

The Mitrovica Rock School in 2020

2020 challenged the world in ways that no one expected. And the pandemic took away some of our most powerful ways of coping: the ability to share music, and to come together. By moving our lessons online at first, and working in hybrid forms as soon as possible, the Mitrovica Rock School found ways for young people to keep coming together. We even cooperated on a regional video with our partners, Roma Rock School and Music School Enterprise.

2020 in numbers:

- 94 Rock School students (48 north, 46 south), ages 11 to 26, participated in 1,410 skills lessons and 46 band coaching sessions;
- 3 mixed bands with 14 members (5 north and 9 south) held 4 rehearsals and gave 1 concert in north Mitrovica;
- 17 staff: 4 junior teachers; 5 trainees, ages 15-27; 6 senior teachers, 3 management team members (one of whom doubles as a teacher), from north and south Mitrovica;
- 45 inter-ethnic workshops year-round: teachers work with inter-ethnic groups on both sides of Mitrovica;
- 11 studio days, where mixed bands recorded the songs they wrote together;
- 9 press reports in five languages.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements for the Organization have been prepared on a cash basis for revenue and expenditure. The basics of measurement are described in more detail in the accounting policies set out below.

2.2 Currency of presentation

The functional currency of the Organization is the European Union currency unit Euro ("EUR"). The business financial statements are presented in Euro.

2.3 Other receivables

Other accounts receivable include prepayments and other current assets. Prepayments are kept at cost less commission if any. A prepayment is classified as long-term when goods or services related to the prepayment are expected to be received after one year.

2.4 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

2.5 Trade payables

The amounts payable are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2.6 Taxes

The organization was established as a non-governmental organization, therefore it has responsibilities and operates as an NGO under the applicable laws of Kosovo.

2.7 Revenue recognition

Grant revenues are recognized as revenue in the period in which they are paid.

2.8 Financial costs

Expenses incurred are recognized in the relevant period on a cash basis.

Mitrovica Rock School
Notes to the Financial Statements
For the year ended December 31, 2020

2.9 Employee benefits

The Organization, in the normal course of business, makes payments to the State budget of on behalf of its employees. The majority of the Organization's employees are members of the State pension plan. All such contributions to the mandatory government pension schemes are expensed when incurred. The Organization does not operate any other pension scheme or postretirement benefit plan and, consequently, has no obligation in respect of pensions.

In addition, the Organization has no material obligations to provide further benefits to current and former employees.

Mitrovica Rock School
Notes to the Financial Statements
For the year ended December 31, 2020

3. CASH AND CASH EQUIVALENTS

	December 31, 2020 (in EUR)	December 31, 2019 (in EUR)
Cash at bank	17,419	4,385
Cash on hand	40	138
Total Cash and Bank Balances	17,459	4,523

4. PREPAYMENT

	December 31, 2020 (in EUR)	December 31, 2019 (in EUR)
Prepayment	37	1,498
Total Prepayment	37	1,498

5. ACCOUNTS PAYABLE

	December 31, 2020 (in EUR)	December 31, 2019 (in EUR)
Musicians Without Border	1,689	1,685
Other	65	168
Total Accounts Payable	1,754	1,853

Mitrovica Rock School
Notes to the Financial Statements
For the year ended December 31, 2020

6. DEFERED REVENUES AND OTHER LIABILITIES

	December 31, 2020 (in EUR)	December 31, 2019 (in EUR)
Musicians without Borders - MwB	10,608	-
Members Due	5,134	4,168
Total Deferred Revenues	15,742	4,168

7. INCOMES

	December 31, 2020 (in EUR)	December 31, 2019 (in EUR)
Income from Musicians Without Borders	95,392	28,343
Income from Austrian Embassy Coordination Office for Technical Cooperation	2,400	-
Income from Embassy of the Federal Republic of Germany in Pristina, Kosovo	-	79,993
Income from Australian Embassy to the Republic of Kosovo	-	2,329
Own source of income	8	498
Other Income	-	1,498
Total Incomes from Donors	97,800	112,661

8. EXPENSES OF STAFF SALARIES AND BENEFITS

	December 31, 2020 (in EUR)	December 31, 2019 (in EUR)
Teachers Org. Duties	31,930	31,122
Director	19,560	18,650
Student Trainees	7,800	7,297
Finance & Admin.	3,600	3,350
Cleaning Person	414	2,879
Total expenses of staff salaries and benefits	63,304	63,298

Mitrovica Rock School
Notes to the Financial Statements
For the year ended December 31, 2020

9. TRAVEL AND TRANSPORTATION EXPENSES

	December 31, 2020 (in EUR)	December 31, 2019 (in EUR)
Local Transportation	1,425	3,825
Transport and other travel expenses	457	1,347
Total Travel and Transportation Expenses	1,882	5,172

10. EQUIPMENT AND SUPPLIES EXPENSES

	December 31, 2020 (in EUR)	December 31, 2019 (in EUR)
Instruments/equipment MRS north and South	5,481	13,764
Total Equipment and Supplies Expenses	5,481	13,764

11. LOCAL OFFICE EXPENSES

	December 31, 2020 (in EUR)	December 31, 2019 (in EUR)
Office materials MRS, CBM, MwB	5,040	5,249
Total local office expenses	5,040	5,249

12. PROJECT ACTIVITIES EXPENSES

	December 31, 2020 (in EUR)	December 31, 2019 (in EUR)
Concerts and promotional events	800	3,062
Costs of other services	800	-
Bank Fees	422	1,339
Specific costs associated with the project	300	-
Training, Visibility and Accountability	-	1,281
Total Project Activities	2,322	5,682

Mitrovica Rock School
Notes to the Financial Statements
For the year ended December 31, 2020

13. SCHOOL FACILITIES

	December 31, 2020 (in EUR)	December 31, 2019 (in EUR)
Rent north branch building	5,367	9,722
Rent south branch building	9,143	7,693
Facilities insurance expenses	1,450	-
Total School Facilities	15,960	17,415

14. OTHER EXPENSES

	December 31, 2020 (in EUR)	December 31, 2019 (in EUR)
Panelling/soundproofing	1,038	1,986
Laptops expenses for remote hours	2,640	-
Cameras for online lessons	134	-
Representation cost	-	94
Total other expenses	3,811	2,080

15. SUBSEQUENT EVENTS

COVID-19

The period of several months of closure of the organization or reduction of activities may have an effect on the operations of the organization in the future.

At the time of preparation of the audit report, the organization has continued operations and has been able to meet its obligations, therefore the report is prepared using the basis of continuity.