

**MITROVICA
ROCK
SCHOOL**

Mitrovica Rock School

Independent Auditor's Report and Individual Financial Statements
for the year ended December 31, 2021

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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, 2021 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, 2021, 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 statement's 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 – Statutory Auditor
ACA – Audit & Consulting Associates
Prishtine, Kosove
8 July, 2022

Mitrovica Rock School
Statement of Financial Position
For the year ended December 31, 2021

		As of December 31, 2021 (in EUR)	As of December 31, 2020 (in EUR)
ASSETS			
Current assets			
Cash and bank balances	3	9,186	17,459
Prepayment	4	-	37
Non-current assets		<u>9,186</u>	<u>17,496</u>
TOTAL ASSETS		<u><u>9,186</u></u>	<u><u>17,496</u></u>
LIABILITIES AND RESERVES			
Current liabilities			
Accounts payable and accrued expenses	5	54	1,754
Deferred Revenues and Other Liabilities	6	9,132	15,742
Total current liabilities		<u>9,186</u>	<u>17,496</u>
Reserves			
Net (deficit)/surplus for the year		-	-
Total reserves		<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND RESERVES		<u><u>9,186</u></u>	<u><u>17,496</u></u>

The financial statements have been signed on 8 July 2022 by:

Milizza Kosova


Legal Representative



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, 2021

	Notes	Year ended December 31, 2021 (in EUR)	Year ended December 31, 2020 (in EUR)
Income			
Income from Donors	7	93,996	97,800
Total income		93,996	97,800
Expenditure			
Staff salaries and benefits	8	63,293	63,304
Travel & Transport	9	629	1,882
Equipment & Supplies	10	896	5,481
Local Office	11	4,702	5,040
Project Activities	12	6,614	2,322
Mitrovica Rock School Facilities	13	17,066	15,960
Other	14	797	3,811
Total expenditure		93,996	97,800
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, 2021

	Year ended December 31, 2021 (in EUR)	Year ended December 31, 2020 (in EUR)
Cash flows from operating activities		
(Deficit)/surplus for the period	-	-
Adjustment for:	-	-
Depreciation	-	-
Other Adjustments (last year's profit)	-	-
Change in deferred revenues	(6,610)	11,574
Change in receivables	37	1,461
Change in payables	(1,700)	(99)
Net cash from operating activities	<u>(8,273)</u>	<u>12,936</u>
Cash flows from investing activities		
Acquisition of property and equipment	-	-
Net cash used in investing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	(8,273)	12,936
Cash and cash equivalents at 1 January	17,459	4,523
Cash and cash equivalents at 31 December	<u><u>9,186</u></u>	<u><u>17,459</u></u>

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, 2021

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 2021, over 1,500 youth have attended the MRS. The school has had 51 ethnically mixed bands (24 cover bands, 27 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.

Mitrovica Rock School in 2021

Despite the challenges that the pandemic posed for the entire cultural scene, 2021 was a highly active year for our school.

Mitrovica Rock School returned fully to in-person classes, with safety measures in place. Our mixed bands rehearsed, recorded original songs, and performed at several online concerts. And we welcomed a whole new generation of students for regular music lessons.

In April 2021, we closed a successful 30-month project funded by the Dutch Ministry of Foreign Affairs: Music Connects. Music Connects was a partnership with Musicians Without Borders and Fontys Rockacademie, both in the Netherlands, and Roma Rock School and Music School Enterprise, both in North Macedonia.

During 2021, we worked with Musicians Without Borders, Fontys Rockacademie, Roma Rock School, and two new partners – youth exchange organization Clash from Berlin, and Balkan Trafik! Festival in Brussels – to develop an extension of Music Connects. This project was approved in March 2022 by the Creative Europe fund of the European Commission, and will start in July 2022.

The new cycle of Music Connects will run for four years, until the summer of 2026, and includes training, exchanges, tours and summer schools in all project countries, as well as the daily operations of our school in Mitrovica.

Mitrovica Rock School
Notes to the Financial Statements
For the year ended December 31, 2021

Our numbers in 2021:

- 79 young musicians from North and South Mitrovica participated in 1,445 music lessons, mixed band rehearsals and mixed workshops,
- 5 ethnically mixed bands with 22 members rehearsed, recorded and performed their own songs, and released a music video,
- 17 Mitrovica staff, 10 of whom are (former) students, participated in and led online training,
- 50 inter-ethnic workshops year-round: teachers work with inter-ethnic groups from both sides of Mitrovica,
- 4 student-trainees participated in 21 days of sound engineering training at the Mitrovica Rock School's recording studio.

Mitrovica Rock School
Notes to the Financial Statements
For the year ended December 31, 2021

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements for the Organization have been prepared on a modified 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 includes 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 whether billed to the business or not.

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. At the end of reporting period, excess revenues of actual expenses are recognized as deferred revenues.

2.8 Financial costs

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

Mitrovica Rock School
Notes to the Financial Statements
For the year ended December 31, 2021

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, 2021

3. CASH AND CASH EQUIVALENTS

	December 31, 2021 (in EUR)	December 31, 2020 (in EUR)
Cash at bank	8,945	17,419
Cash on hand	242	40
Total cash and cash equivalents	9,186	17,459

4. PREPAYMENTS

	December 31, 2021 (in EUR)	December 31, 2020 (in EUR)
Prepayment	-	37
Total Prepayments	-	37

5. TRADE PAYABLE

	December 31, 2021 (in EUR)	December 31, 2020 (in EUR)
Musicians Without Border	-	1,689
Other	54	65
Total Accounts Payable	54	1,754

6. DEFERRED REVENUE

	December 31, 2021 (in EUR)	December 31, 2020 (in EUR)
Musicians without Borders - MwB	5,069	10,608
Members Due	2,199	5,134
Other	1,864	-
Total Deferred Revenue	9,132	15,742

Mitrovica Rock School
Notes to the Financial Statements
For the year ended December 31, 2021

7. INCOMES

	December 31, 2021 (in EUR)	December 31, 2020 (in EUR)
Musicians Without Borders	65,222	95,392
Luxembourg Embassy in Kosovo	11,464	-
Own source of income	4,656	8
Moleskine Foundation	2,656	-
Income from Austrian Embassy Coordination Office for Technical Cooperation	9,998	2,400
Total Incomes from Donors	93,996	97,800

8. STAFF SALARIES AND BENEFITS

	December 31, 2021 (in EUR)	December 31, 2020 (in EUR)
Teachers Org. Duties	34,209	31,930
Director	20,440	19,560
Student Trainees	2,421	7,800
Finance & Admin.	3,600	3,600
Cleaning Person	2,622	414
Total Staff Salaries and Benefits	63,293	63,304

9. TRAVEL AND TRANSPORTATION EXPENSES

	December 31, 2021 (in EUR)	December 31, 2020 (in EUR)
Local Transportation	368	457
Transport and other travel expenses	261	1,425
Total Travel and Transportation Expenses	629	1,882

Mitrovica Rock School
Notes to the Financial Statements
For the year ended December 31, 2021

10. EQUIPMENT AND SUPPLIES EXPENSES

	December 31, 2021 (in EUR)	December 31, 2020 (in EUR)
Instruments/equipment MRS north and South	896	5,481
Total Equipment and Supplies Expenses	896	5,481

11. LOCAL OFFICE

	December 31, 2021 (in EUR)	December 31, 2020 (in EUR)
Office materials MRS,CBM, MwB	4,702	5,040
Total Local Office	4,702	5,040

12. PROJECT ACTIVITIES

	December 31, 2021 (in EUR)	December 31, 2020 (in EUR)
Concerts and promotional events	4,046	800
Costs of other services	1,313	422
Bank Fees	1,255	-
Specific costs associated with the project	-	800
Training, Visibility and Accountability	-	300
Total Project Activities	6,614	2,322

13. SCHOOL FACILITIES

	December 31, 2021 (in EUR)	December 31, 2020 (in EUR)
Rent north branch building	8,688	9,143
Rent south branch building	8,378	5,367
Facilities insurance expenses	-	1,450
Total School Facilities	17,066	15,960

Mitrovica Rock School
Notes to the Financial Statements
For the year ended December 31, 2021

14. OTHER COSTS

	December 31, 2021 (in EUR)	December 31, 2020 (in EUR)
Paneling/soundproofing	597	-
Laptops expenses for remote hours	200	-
Cameras for online lessons	-	1,038
Representation cost	-	2,640
Miscellaneous, small, or non-recurring expenses	-	134
Total Other Costs	<u>797</u>	<u>3,811</u>

15. SUBSEQUENT EVENTS

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.

