

**MITROVICA
ROCK
SCHOOL**

Mitrovica Rock School

Independent Auditor's Report and Individual Financial Statements
for the year ended December 31, 2022

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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, 2022 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, 2022, 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
Prishtina, Kosovo
17 March, 2023



Mitrovica Rock School
Statement of Financial Position
For the year ended December 31, 2022

		As of December 31, 2022 (in EUR)	As of December 31, 2021 (in EUR)
ASSETS			
Current assets			
Cash and bank balances	3	30,083	9,186
Prepayment	4	704	-
Non-current assets		<u>30,787</u>	<u>9,186</u>
TOTAL ASSETS		<u>30,787</u>	<u>9,186</u>
LIABILITIES AND RESERVES			
Current liabilities			
Accounts payable and accrued expenses	5	71	54
Deferred Revenues and Other Liabilities	6	30,716	9,132
Total current liabilities		<u>30,787</u>	<u>9,186</u>
Reserves			
Net (deficit)/surplus for the year		-	-
Total reserves		<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND RESERVES		<u>30,787</u>	<u>9,186</u>

The financial statements have been signed on 17 March 2023 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, 2022

	Notes	Year ended December 31, 2022 (in EUR)	Year ended December 31, 2021 (in EUR)
Income			
Income from Donors	7	99,026	93,996
Total income		99,026	93,996
Expenditure			
Staff salaries and benefits	8	65,546	63,293
Travel & Transport	9	4,735	629
Equipment & Supplies	10	614	896
Local Office	11	4,798	4,702
Project Activities	12	4,186	6,614
Mitrovica Rock School Facilities	13	16,410	17,066
Other	14	2,737	797
Penalty on late VAT registering			
Total expenditure		99,026	93,996
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, 2022

	Year ended December 31, 2022 (in EUR)	Year ended December 31, 2021 (in EUR)
Cash flows from operating activities		
(Deficit)/surplus for the period	-	-
Adjustment for:		
Depreciation	-	-
Other Adjustments (last years profit)	-	-
Change in deferred revenues	21,584	(6,610)
Change in receivables	(704)	37
Change in other receivables	-	-
Change in payables	17	(1,700)
Change in other current liabilities	-	-
Net cash from operating activities	20,897	(8,273)
Cash flows from investing activities		
Acquisition of property and equipment	-	-
Net cash used in investing activities	-	-
Net increase in cash and cash equivalents	20,897	(8,273)
Cash and cash equivalents at 1 January	9,186	17,459
Cash and cash equivalents at 31 December	30,083	9,186

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, 2022

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 and Community Building Mitrovica, founded with the aim to bridge ethnic, ideological and religious divides between youth in north and south Mitrovica through music.

Due to the rigid ethnic divide in Mitrovica, 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. And since 2015, these mixed bands have been holding regular rehearsals in Mitrovica itself. We have been organizing public concerts of mixed bands in Mitrovica since 2018.

Since the start of our program, over 1,600 youth have attended MRS. The school has had 53 ethnically mixed bands. On average, MRS delivers some 1,600 lessons, workshops, band sessions and concerts per year, making it one of Mitrovica's most active organizations. MRS has been featured in hundreds of media reports and has been hailed for its original approach to reconciliation.

Mitrovica Rock School in 2022

Despite the heightened tensions in our city at the end of the year, 2022 started with a promise of opening borders and expanding horizons.

We launched the next phase of Music Connects - a four-year EU-funded Creative Europe project with Musicians Without Borders, Roma Rock School, and Fontys Rockacademie, and new partners Clash! Exchange and learning and the Balkan Trafik! Festival. This project promotes interethnic cooperation through state-of-the-art rock music education and connects young musicians and cultural organizers throughout Europe.

For the first time in three years, we were able to organize our traditional Skopje Summer School. Ten mixed bands wrote, rehearsed, recorded, and performed their songs in an exciting band camp in Skopje. We spent the second half of the year co-organizing two training weeks and preparing for exchanges in the Netherlands, Brussels and Berlin in 2023. Meanwhile, the school's daily activities continued: we organized music lessons, band rehearsals, workshops, and concerts. We ended 2022 concerned for our city, but brightened by the talent and promise of our young musicians, and committed to continuing to make Mitrovica a better, more livable place for all.

Our numbers in 2022:

- 67 young musicians from North and South Mitrovica participated in 1,552 music lessons, mixed band rehearsals and workshops, led by 17 staff - eight of whom are (former) students.
- Six ethnically mixed bands with 26 members rehearsed, recorded, and performed their original songs, and released a music video.
- We created two supergroups with 13 students from Mitrovica Rock School, Roma Rock School, and Fontys Rockacademie.
- We organized 64 workshops, nine concerts, and spent 12 days in the studio.

Mitrovica Rock School
Notes to the Financial Statements
For the year ended December 31, 2022

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, 2022

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, 2022

3. CASH AND CASH EQUIVALENTS

	December 31, 2022 (in EUR)	December 31, 2021 (in EUR)
Cash at bank	29,917	8,945
Cash on hand	166	242
Total Cash and cash equivalents	30,083	9,186

4. PREPAYMENTS

	December 31, 2022 (in EUR)	December 31, 2021 (in EUR)
Prepayment	704	-
Total Prepayments	704	-

5. TRADE PAYABLE

	December 31, 2022 (in EUR)	December 31, 2021 (in EUR)
Accounts Payable	71	54
Total Accounts Payable	71	54

6. DEFERRED REVENUE

	December 31, 2022 (in EUR)	December 31, 2021 (in EUR)
Musicians without Borders - MwB	24,021	5,069
Members Due	4,782	2,199
Deferred revenue - Other	1,912	1,864
Total Deferred Revenue	30,716	9,132

Mitrovica Rock School
Notes to the Financial Statements
For the year ended December 31, 2022

7. INCOME

	December 31, 2022 (in EUR)	December 31, 2021 (in EUR)
Income from Musicians Without Borders	92,048	65,222
Luxembourg Embassy in Kosovo	3,500	11,464
Moleskine Foundation	2,338	2,656
Own source of income	1,125	4,656
Income from D'Addario	15	-
Australian Development Agency	-	9,998
Total Income from Donors	99,026	93,996

8. STAFF SALARIES AND BENEFITS

	December 31, 2022 (in EUR)	December 31, 2021 (in EUR)
Teachers Org. Duties	30,903	34,209
Director	20,880	20,440
Student Trainees	6,310	2,421
Finance & Admin.	3,800	3,600
Cleaning Person	2,993	2,622
Per Diems	660	-
Total Staff Salaries and Benefits	65,546	63,293

9. TRAVEL AND TRANSPORTATION EXPENSES

	December 31, 2022 (in EUR)	December 31, 2021 (in EUR)
Transport and other travel expenses	4,328	368
Local Transportation	407	261
Total Travel and Transportation Expenses	4,735	629

Mitrovica Rock School
Notes to the Financial Statements
For the year ended December 31, 2022

10. EQUIPMENT AND SUPPLIES EXPENSES

	December 31, 2022 (in EUR)	December 31, 2021 (in EUR)
Instruments/equipment MRS north and South	614	896
Total Equipment and Supplies Expenses	614	896

11. LOCAL OFFICE

	December 31, 2022 (in EUR)	December 31, 2021 (in EUR)
Office materials MRS	4,798	4,702
Total Local Office	4,798	4,702

12. PROJECT ACTIVITIES

	December 31, 2022 (in EUR)	December 31, 2021 (in EUR)
Concerts and promotional events	1,750	4,046
Bank Fees	1,410	1,313
Accommodation	868	-
Conducting program-related meetings	157	-
Training, Visibility and Accountability	-	1,255
Total Project Activities	4,186	6,614

13. SCHOOL FACILITIES

	December 31, 2022 (in EUR)	December 31, 2021 (in EUR)
Rent south branch building	8,278	8,688
Rent north branch building	8,133	8,378
Total School Facilities	16,410	17,066

Mitrovica Rock School
Notes to the Financial Statements
For the year ended December 31, 2022

14. OTHER COSTS

	December 31, 2022 (in EUR)	December 31, 2021 (in EUR)
MRS logo T-shirts	1,300	-
Social Media Advertising Fees	870	-
Signs, Ads and Print Materials	401	-
Accounting Fees	100	-
Representation cost	65	597
Total Other Costs	2,737	797

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.

