

**MITROVICA ROCK SCHOOL**

Mitrovica, Kosovo

**FINANCIAL STATEMENTS**

For the year ended 31 December 2023

and

**REPORT OF INDEPENDENT AUDITORS**

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## INDEPENDENT AUDITOR'S REPORT

To: Management of NGO "Mitrovica Rock School"

### Opinion

We have audited financial statements of Mitrovica Rock School (the Organization) which comprises the Statement of Financial Position as at December 31, 2023 and the Statement of Income and Statement of Cash Flows for the year ended on that date, and notes to 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 the 'Mitrovica Rock School (MRS) as at December 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and requirements of the Law No. 06 / L-043 on Freedom of Association in Non-Governmental Organizations.

### 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 the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Kosovo, and we 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 financial statements in accordance with International Financial Reporting Standards and for such controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

### Auditor's Responsibilities for the Audit of 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 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 skepticism throughout 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 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 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 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.

Lekë Musa  
Statutory auditor



**bakertilly**  
Baker Tilly Kosovo L.L.C  
Prishtine

Baker Tilly Kosovo  
26 March 2024

**MITROVICA ROCK SCHOOL**  
**STATEMENT OF FINANCIAL POSITION**  
As of 31 December 2023  
*(all amounts are in Euro)*

		As at 31 December 2023	As at 31 December 2022
<b>ASSETS</b>	Notes		
<b>Non-current assets</b>			
Equipment		-	-
<b>Current assets</b>			
Cash and cash equivalents	3	27,993	30,083
Accounts receivable	4	1,697	704
		<b>29,689</b>	<b>30,787</b>
<b>TOTAL ASSETS</b>		<b>29,689</b>	<b>30,787</b>
<b>Liabilities and balance of funds</b>			
<b>Liabilities</b>			
Accounts Payable	5	13	71
Deferred income	6	29,676	30,716
		<b>29,689</b>	<b>30,787</b>
<b>Funds</b>			
Balance of funds		-	-
Surplus / Deficit of the year		-	-
		-	-
<b>TOTAL LIABILITIES AND FUND BALANCE</b>		<b>29,689</b>	<b>30,787</b>

These financial statements have been approved and signed on 26 March 2024, on behalf of the organization's management.

Director  
**Milizza Kosova**

  
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*The accompanying notes 3 to 11 of the financial statements are an integral part of them.*

**MITROVICA ROCK SCHOOL**  
**STATEMENT OF INCOME AND EXPENSES**  
For the year ended 31 December 2023  
*(all amounts are in Euro)*

For the year ended	Notes	As at 31 December 2023	As at 31 December 2022
Income for the year	7	102,023	99,026
<b>Total Income</b>		<b>102,023</b>	<b>99,026</b>
Personnel expenses	8	23,940	24,680
Program lesson expenses	9	58,124	57,276
Travel and transportation expenses	10	7,678	5,603
Instruments and equipment expenses	11	1,129	614
Communication, distribution and event expenses	12	1,663	4,479
Administrative expenses	13	9,489	6,374
<b>Total expenses</b>		<b>102,023</b>	<b>99,026</b>
<b>NET SURPLUS / (SHORTAGE) OF FUNDS</b>		<b>-</b>	<b>-</b>

*The accompanying notes 3 to 11 of the financial statements are an integral part of them.*

**MITROVICA ROCK SCHOOL**  
**STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2023  
*(all amounts are in Euro)*

<b>For the year ended</b>	<b>As at 31 December 2023</b>	<b>As at 31 December 2022</b>
(Deficit) / surplus for the year	-	-
<i>Changes in operating assets and liabilities:</i>		
(Increase) / decrease in other receivables	(993)	(704)
(Increase) / decrease in accounts payable	(58)	17
Changes in deferred income	(1,040)	21,584
<b>Net cash flow from operating activities</b>	<b>(2,091)</b>	<b>20,897</b>
Net increase / decrease in cash from activities	(2,091)	20,897
Cash and cash equivalents as of January 1	30,083	9,186
<b>Cash and cash equivalents as at 31 December</b>	<b>27,993</b>	<b>30,083</b>

*The accompanying notes 3 to 11 of the financial statements are an integral part of them.*

## **MITROVICA ROCK SCHOOL**

### **Notes to financial statements**

For the year ended 31 December 2023

*(all amounts are in Euro)*

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

### **1. General information**

#### **About Mitrovica Rock School**

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. For the past decade, these mixed bands have become a centerpiece of the program, often rehearsing and even performing in Mitrovica itself.

Since the start of our program, over 1,700 youth have attended MRS. The school has had 55 ethnically mixed bands. MRS delivers an average of 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 2023**

During 2023 our program was impacted by rising political tensions. Twice, we had to temporarily halt mixed activities. In October, we had to move a training week to Skopje at the last minute.

But we lived up to our mission. A growing number of our students attended classes on both sides of town. Our mixed bands were active and performed in Mitrovica, Skopje, Brussels and Berlin. Our teachers and trainees traveled together to the Netherlands for training at Fontys Rockacademie. And we worked closely with our partners, Musicians Without Borders, Roma Rock School, Fontys Rockacademie, Clash!, and Balkan Trafik! Festival, to implement our Creative Europe project to promote reconciliation through state-of-the-art rock music education.

We closed the year concerned - for the loss of talent as a growing number of families leave Northern Kosovo. And for the future of our city, as the focus is continually laid on what divides us rather than on what unites us. But we are also strengthened in our resolve to continue giving young people every chance at developing their talent and creativity - and in our belief that music connects.

#### **Here's what we achieved in 2023:**

- 73 young musicians (from North and South Mitrovica) participated in 1,568 music lessons, mixed band rehearsals and workshops.
- 10 teachers and trainees from Mitrovica Rock School received teacher training at Fontys Rockacademie in the Netherlands.
- 6 ethnically mixed bands with 27 members rehearsed, recorded, and performed their original songs and published on music video.
- 4 supergroups with 20 students from Mitrovica Rock School, Roma Rock School, and Fontys Rockacademie performed in Brussels and Berlin.
- We organized 72 workshops, 8 concerts, and spent 8 days in the studio.



## **MITROVICA ROCK SCHOOL**

### **Notes to financial statements**

For the year ended 31 December 2023

*(all amounts are in Euro)*

## **2. Statement of Significant Accounting Policies**

### **2.1. General Accounting Principle**

The organization maintains its accounting records on the modified cash basis of accounting. Accordingly, revenue is recorded when cash is received and expenses are recorded when paid. Modifications to the cash basis of accounting relate to the accounts receivable and payable which are recognized at the end of reporting period.

### **2.2. Basis of measurement**

The Financial Statements have been prepared on the historical cost basis in accordance with with the requirements of the law nr. 06/L-043 on Freedom of Association in Non-Governmental Organizations.

### **2.3. Functional and presentation currency**

The Financial Statements are presented in EUR, which is the Organization's functional currency. All amounts reported in the Statement of Financial Position and Net Changes are reported in Euro. Transactions in foreign currencies are registered according to the Ex-change Rates of the time of the Transactions. Monetary Items and Monetary Liabilities in foreign currencies are converted according to the Ex-change rate on the date of the Statement of Financial Position. Profit or Loss as a result of ex-change rates is registered in the Statement of Income.

### **2.4. Income Tax**

The organization is a Non Governmental organization (NGO) whose received donations in the reporting year have been implemented for the humanitarian purposes. According to law no 06/L-105 on Corporate Income Tax, NGO's whose total income was used for their public benefit purposes are tax exempted.

### **2.5. Property, plant and equipment**

The organization does not use a policy on capitalization of non-current assets but debits them through the statement of comprehensive income (annual expenses). The non-current assets organization recognizes annual expenses at the time of occurrence, but also maintains a specific donor list.

### **2.6. Cash and cash equivalents**

Cash and cash equivalents include cash in hand and cash deposited in bank.

### **2.7. Foreign currency transactions**

Foreign currency transactions are recorded at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Foreign currency differences arising on retranslation are recognized in profit or loss.

### **2.8. Revenues**

The organization's revenues represent donations received from donors. Revenues are recognized when earned rather than received and expenses are recognized when incurred rather than paid. Revenue is recognized at the level of the expenditure incurred and is treated in accordance with IAS 20. The remainder is presented as deferred revenue or held-to-equity funds for future use.

**MITROVICA ROCK SCHOOL**  
**Notes to Financial Statements**  
For the year ended 31 December 2023  
*(all amounts are in Euro)*

**Statement of Significant Accounting Policies (continued)**

**2.9. Expenses**

The organization recognizes costs at the time of occurrence. Expenditures are recorded on an accrual basis. The organization's expenses consist of personnel expenses, operating and administrative expenses, program and other general expenses.

**2.10. Accounts Payable**

Pension contribution, payroll taxes and other accrued liabilities, have been disposed on the financial statements as accounts payable.

**2.11. Deferred Income**

Deferred income is an income/donation for which the cash has been collected by the organization, but have yet to be expensed. Consequently, this liability occurs when 'MRS' receives payment in advance for a project to be implemented in future.

**2.12. Deficit of revenues over expenses**

The negative balance (deficit) is a result of donations and implemented project costs until end of the year.

**2.13. Employee benefits**

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

**3. Cash and cash equivalents**

	As at 31 December 2023	As at 31 December 2022
Cash at bank	27,854	29,917
Petty cash	139	166
<b>Total</b>	<b>27,993</b>	<b>30,083</b>

**4. Accounts receivable and others**

	As at 31 December 2023	As at 31 December 2022
VAT receivable	1,690	704
Prepaid expenses	7	-
<b>Total</b>	<b>1,697</b>	<b>704</b>

**5. Accounts Payable**

	As at 31 December 2023	As at 31 December 2022
Accounts Payable	13	71
<b>Total</b>	<b>13</b>	<b>71</b>

**MITROVICA ROCK SCHOOL****Notes to Financial Statements**

For the year ended 31 December 2023

*(all amounts are in Euro)***6. Deferred Income**

	<b>As at 31 December 2023</b>	<b>As at 31 December 2022</b>
Deferred income European Commission	20,133	24,021
Deferred income from members	6,691	4,782
Deferred income institutional donors	1,900	1,912
Deferred income other	953	-
<b>Total</b>	<b>29,677</b>	<b>30,716</b>

Deferred Income at the end of the year represent funds remaining from donor funds, funds that will be used during the implementation of future projects. The balance of unearned income is presented as above.

**7. Income of the year**

Income from donors and others during 2023 and 2022 are presented as follows:

<b>For the year ended 31 December</b>	<b>As at 31 December 2023</b>	<b>As at 31 December 2022</b>
Income from Musicians Without Borders	-	40,069
Income from European Commission	92,149	51,979
Income from Embassy of Luxembourg in Kosovo	-	3,500
Income from Austrian Development Cooperation	9,800	-
Income from Moleskine Foundation	-	2,338
Income from members	75	1,125
Income from D'Addario Foundation	-	15
<b>Total</b>	<b>102,023</b>	<b>99,026</b>

**8. Personnel expenses**

<b>For the year ended 31 December</b>	<b>As at 31 December 2023</b>	<b>As at 31 December 2022</b>
Directors and management	23,640	20,880
Finance and administration	300	3,800
<b>Total</b>	<b>23,940</b>	<b>24,680</b>

**MITROVICA ROCK SCHOOL**  
**Notes to Financial Statements**  
For the year ended 31 December 2023  
*(all amounts are in Euro)*

**9. Lesson program expenses**

<b>For the year ended 31 December</b>	<b>As at 31 December 2023</b>	<b>As at 31 December 2022</b>
Teaching staff - teachers	31,127	30,903
Teaching staff - student trainee program	8,000	6,310
Music school rent, utilities and maintenance	18,997	19,404
Allowances	-	660
<b>Total</b>	<b>58,124</b>	<b>57,276</b>

**10. Travel and transportation expenses**

<b>For the year ended 31 December</b>	<b>As at 31 December 2023</b>	<b>As at 31 December 2022</b>
International transport and accommodation	5,690	5,196
Local transport	1,988	407
<b>Total</b>	<b>7,678</b>	<b>5,603</b>

**11. Instruments and equipment expenses**

<b>For the year ended 31 December</b>	<b>As at 31 December 2023</b>	<b>As at 31 December 2022</b>
Instruments and equipment music school	1,129	614
<b>Total</b>	<b>1,129</b>	<b>614</b>

**12. Communication, distribution and event expenses**

<b>For the year ended 31 December</b>	<b>As at 31 December 2023</b>	<b>As at 31 December 2022</b>
Promotional materials	163	1,701
Video and audio productions	1,000	-
Social media/press	500	870
Concerts and events	-	1,907
<b>Total</b>	<b>1,663</b>	<b>4,479</b>

**MITROVICA ROCK SCHOOL**  
**Notes to Financial Statements**  
For the year ended 31 December 2023  
(all amounts are in Euro)

**13. Administrative expenses**

<b>For the year ended 31 December</b>	<b>As at 31 December 2023</b>	<b>As at 31 December 2022</b>
Office costs, utilities and supplies	5,757	4,798
Bank charges	632	1,410
Accounting expenses	2,100	100
Audit expenses	1,000	-
Representation expenses	-	65
<b>Total</b>	<b>9,489</b>	<b>6,374</b>

**14. Contingencies and Commitments**

**Legal issues**

For the year ended December 31, 2023 and December 31, 2022, the organization has not been involved in any legal issues.

**15. Subsequent Events**

There are no events after the date of authorization of the financial statements that require adjustments or disclosures in the financial statements.