

MITROVICA ROCK SCHOOL

Mitrovica, Kosovo

FINANCIAL STATEMENTS

For the year ended 31 December 2024

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, 2024 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, 2024 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

Baker Tilly Kosovo
20 March 2025



Baker Tilly Kosovo L.L.C.
Prishtinë

MITROVICA ROCK SCHOOL
 STATEMENT OF FINANCIAL POSITION
 As of 31 December 2024
 (All amounts are in Euro)

		As at 31 December 2024	As at 31 December 2023
	Notes		
Current assets			
Cash and cash equivalents	3	10,544	27,993
Accounts receivable	4	2,657	1,697
		13,200	29,689
TOTAL ASSETS		13,200	29,689
Liabilities and balance of funds			
Liabilities			
Accounts Payable	5	966	13
Deferred income	6	12,234	29,676
		13,200	29,689
Funds			
Balance of funds		-	-
		-	-
TOTAL LIABILITIES AND FUND BALANCE		13,200	29,689

These financial statements have been approved and signed on 10 March 2024, on behalf of the organization's management.

Director
 Milizza Kosova



INFO@MITROVICAROCKSCHOOL.COM
 WWW.MITROVICAROCKSCHOOL.COM

The accompanying notes 6 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 2024
 (All amounts are in Euro)

For the year ended		As at 31 December 2024	As at 31 December 2023
	Notes		
Income for the year	7	106,373	102,023
Total Income		106,373	102,023
Personnel expenses	8	23,730	23,940
Program lesson expenses	9	62,955	58,124
Travel and transportation expenses	10	5,572	7,678
Instruments and equipment expenses	11	275	1,129
Communication, distribution and event expenses	12	1,464	1,663
Administrative expenses	13	12,377	9,489
Total expenses		106,373	102,023
NET SURPLUS / (SHORTAGE) OF FUNDS		-	-

The accompanying notes 6 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 2024
 (All amounts are in Euro)

For the year ended	As at 31 December 2024	As at 31 December 2023
(Deficit) / surplus for the year	-	-
<i>Changes in operating assets and liabilities:</i>		
(Increase) / decrease in other receivables	(960)	(993)
(Increase) / decrease in accounts payable	953	(58)
Changes in deferred income	(17,442)	(1,040)
Net cash flow from operating activities	(17,449)	(2,091)
Net increase / decrease in cash from activities	(17,449)	(2,091)
Cash and cash equivalents as of January 1	27,993	30,083
Cash and cash equivalents as at 31 December	10,544	27,993

The accompanying notes 6 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 2024

(All amounts are in Euro)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

1. General information

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 1,800 youth have attended MRS. The school has had 61 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 2024

2024 was not easy on our city: we have lived through another year of intensifying escalation, and we share a growing concern for the future. But we are proud to say that, despite the hardship, our Rock School has stood strong and been loud.

More young people signed up for classes, and more joined our mixed band program. These bands were active and performed in Mitrovica, Skopje, Brussels and Berlin. We organized concerts in North and South Mitrovica, and we hosted festivals organized by alumni, friends and partners.

Our teachers and trainees travelled 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 end the year 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.

Achievements during 2024 according to the organization:

81 young musicians from North and South Mitrovica participated in 1,695 music lessons, mixed band rehearsals and workshops.

Nine teachers and trainees from Mitrovica Rock School received teacher training from the Dutch Fontys Rockacademie.

Eight ethnically mixed bands with 27 members rehearsed, recorded, and performed their original songs.

Four supergroups with 15 members from Mitrovica Rock School, Roma Rock School, and Fontys Rockacademie performed in Brussels and Berlin.

We organized 13 workshops, six concerts, 17 training sessions, and spent seven days in the studio.

We reached 467,000 people through seven press reports in two languages.

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 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. 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.

MITROVICA ROCK SCHOOL

Notes to Financial Statements

For the year ended 31 December 2024

(All amounts are in Euro)

Statement of Significant Accounting Policies (continued)

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.

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.

MITROVICA ROCK SCHOOL
Notes to Financial Statements
For the year ended 31 December 2024
(All amounts are in Euro)

3. Cash and cash equivalents

	As at 31 December 2024	As at 31 December 2023
Cash at bank	10,294	27,854
Petty cash	249	139
Total	10,544	27,993

4. Accounts receivable and others

	As at 31 December 2024	As at 31 December 2023
VAT receivable	2,526	1,690
Prepaid expenses	131	7
Total	2,657	1,697

5. Accounts Payable

	As at 31 December 2024	As at 31 December 2023
Accounts Payable to Suppliers	68	13
Withholding Tax Liabilities	384	-
Pension Contribution Liabilities	513	-
Total	966	13

6. Deferred Income

	As at 31 December 2024	As at 31 December 2023
Deferred income European Commission	2,797	20,873
Deferred income from members	6,784	6,691
Deferred income institutional donors	1,913	1,913
Deferred income other	740	200
Total	12,234	29,676

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.

MITROVICA ROCK SCHOOL
Notes to Financial Statements
For the year ended 31 December 2024
(All amounts are in Euro)

7. Income of the year

Income from donors and others during 2024 and 2023 are presented as follows:

For the year ended 31 December	As at 31 December 2024	As at 31 December 2023
Income from European Commission	104,335	92,149
Income from Austrian Development Cooperation	-	9,800
Income from members	2,038	75
Total	106,373	102,023

8. Personnel expenses

For the year ended 31 December	As at 31 December 2024	As at 31 December 2023
Directors and management	23,640	23,640
Finance and administration	90	300
Total	23,730	23,940

9. Lesson program expenses

For the year ended 31 December	As at 31 December 2024	As at 31 December 2023
Teaching staff - teachers	37,235	31,127
Teaching staff - student trainee program	6,560	8,000
Music school rent, utilities and maintenance	19,160	18,997
Total	62,955	58,124

10. Travel and transportation expenses

For the year ended 31 December	As at 31 December 2024	As at 31 December 2023
International transport and accommodation	3,887	5,690
Local transport	1,685	1,988
Total	5,572	7,678

MITROVICA ROCK SCHOOL
Notes to Financial Statements
For the year ended 31 December 2024
(All amounts are in Euro)

11. Instruments and equipment expenses

For the year ended 31 December	As at 31 December 2024	As at 31 December 2023
Instruments and equipment music school	275	1,129
Total	275	1,129

12. Communication, distribution and event expenses

For the year ended 31 December	As at 31 December 2024	As at 31 December 2023
Promotional materials	911	163
Video and audio productions	-	1,000
Social media/press	-	500
Concerts and events	553	-
Total	1,464	1,663

13. Administrative expenses

For the year ended 31 December	As at 31 December 2024	As at 31 December 2023
Office costs, utilities and supplies	4,751	5,757
Bank charges	596	632
Accounting expenses	5,400	2,100
Audit expenses	1,000	1,000
Representation expenses	630	-
Total	12,377	9,489

14. Contingencies and Commitments

Legal issues

For the year ended December 31, 2024 and December 31, 2023, 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.

MITROVICA ROCK SCHOOL

For the year ended 31 December 2024

MANAGEMENT LETTER

20 mars 2025

MANAGEMENT LETTER

To: Mitrovica Rock School

We have audited the financial statements of Mitrovica Rock School for the year ended 31 December 2024. In planning and performing our audit, we considered its internal control over financial reporting as basis for designing our auditing procedures, obtained an understanding of the design effectiveness of internal controls, determined whether internal controls have been placed in operation, assesses control risk, and performed tests of the project's internal controls for the purpose of expressing our opinion on the financial report, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting.

During our audit we did not find any matters involving the internal control system and the accounting system that could result in internal control weakness.

This report is intended solely for the information and use of the Mitrovica Rock School management and is not intended to be and should not be used by anyone other than these specified parties.

We would like to thank you and your staff for the excellent co-operation and support during the audit.

Yours sincerely,

Leke Musa
Statutory auditor



Baker Tilly Kosovo L.L.C
Prishtine

Baker Tilly Kosovo



FINDINGS AND RECOMMENDATION

MITROVICA ROCK SCHOOL (MRS)
Management Letter

Observation/risk	Priority of improvement	Recommendation	Management comment
N/A	N/A	N/A	N/A

Priority:

- A: Urgent action required: High business risk to be brought to the attention of Organization's management and to be addressed as matter of urgency.
- B: Financial statements, accounting procedures or control weakness exists with medium risk of financial loss or incorrect accounting treatment being applied.
- C: Financial statements, accounting procedures or control weakness exists with low risk of financial loss or incorrect accounting treatment being applied