



Lazer Nrecaj
Auditor Ligjor
Legal Auditor

INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS FOR THE BALKAN
FORUM

Prishtinë, March 2019

Opinion

We have hereby performed the audit of accompanying financial statements of **The Balkan Forum**, Prishtinë (hereinafter the BF), which include the financial statements position on 31 December 2018, the total income statement and cash flow statement for the year ending on this date, as well as the explanatory notes on financial statements, including a summary of most important accounting policies.

In our opinion, the attached financial statements represent correctly, in all material aspects, the financial position of the BF on 31 December 2018, including the financial performance and cash flow for the year ending on this date, in conformity with International Financial Reporting Standards (IFRS).

Basis for Opinion

We have conducted the audit in accordance with International Auditing Standards (IAS). Our responsibilities according to these Standards have been described more specifically in the Report section *Auditors' Responsibilities for Financial Statements*. We are independent from the BF, in compliance with the *Code of Ethics for Accounting Professionals* of the International Ethics Standards Board for Accountants (IESBA Code), and with the ethical requirements applicable for the financial statements audit in the Code of Ethics for Certified Accountants of Kosovo. We have also adhered to other ethical responsibilities in compliance with these requirements and with the IESBA Code.

We believe that the auditing evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key Auditing Issues

Key auditing issues are those which, in our professional judgement, were the most important ones in the financial statements auditing for the current period. These issues have been addressed within the context of the general financial statements auditing and the creation of our opinion about them. Consequently, for these issues we shall not give a specific opinion.

The BF generates its income chiefly from donations. The main donor for 2018 was the Rockefeller Brothers Fund.

Other Information

The BF implements projects that facilitate regional dialogue and cooperation, and promote successful integration of Western Balkans in the European Union. It also promotes regional integration and cooperation as a way towards peace and prosperity for all peoples of the Western Balkans.

Responsibilities of Management and those charged with Governance for the financial statements

The management is responsible to correctly prepare and present the financial statements in line with IFRS, as well as to perform internal audits that it deems necessary to enable the preparation of financial statements without material misstatement due to fraud or error.

In the preparation of financial statements, the management is responsible to assess the ability of the BF to sustainability, by giving information, if applicable, on the issues related to sustainability by using the accounting principle of continuity, except in the cases when the management intends to liquidate the BF or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible to oversee the financial reporting process of the BF.

Auditor Responsibilities for the Audit of the financial statements

Our objective is to reach a reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report with our opinion. The reasonable assurance is a high-level of assurance, but it is not a guarantee that an audit performed in accordance with IAS will always detect a material misstatement.

Misstatements may come as a result of 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 a part of audit in accordance with IAS, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, since fraud may involve collusion, forgery, intentional omissions, misinterpretations, or the override of internal controls.
- Obtain an understanding of internal control so that we could determine the audit procedures appropriate for the existing circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of an organization.
- Evaluate the appropriateness of accounting policies applied and reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, we also draw conclusion if there is a material uncertainty in relation to events or conditions that may cast significant doubts on the BF ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to draw attention in the auditor's report in relation to disclosures given in financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained until the date of our report. Nevertheless, events or conditions that may occur in the future may cause the BF to cease to continue as a going concern.
- We assess the general presentation, structure and content of financial statements, including the explanatory information, and whether the financial statements represent transactions and events in a just manner.

We communicate with those charged with governance, amongst others, the planned scope and time of the audit, its key findings, including any major deficiencies of internal control that we can identify during the audit.

We also present to those charged with governance a statement confirming that we agree with the relevant ethical requirements on the independence and communicate to them all issues that may reasonably influence our independence, and, when applicable, we implement the relevant mitigating measures.

From the issues communicated to those charged with governance, we determine the most important ones for the financial statements audit. We describe these issues in our audit report, except in the cases when the law or other rules prohibit the issue to become public or, in very rare cases, when we decide for the issue not to be disclosed in our report since the negative consequences of such disclosure are reasonably expected to exceed the benefits of the public interest.

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Prishtinë: 11 March 2019