

## FAKTOJE CENTER

Fact Checking Services in Albania

(Grant No: G -1658-19-205-2008-20)

Special purpose financial information for the period from 17  
October 2019 until 31 December 2019



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**Responsibilities of Management for the Special Purpose Financial Information**

Management is responsible for preparation and fair presentation of the Special Purpose Financial Information in accordance with the basis of accounting described in note 2. This includes determining that the cash receipts and the disbursement basis of accounting is an acceptable basis for the preparation of the Special Purpose Financial Information, and for such internal control as management determines is necessary to enable the preparation of a Special Purpose Financial Information that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility for the Audit of the Special Purpose Financial Information**

Our objectives are to obtain reasonable assurance about whether the Special Purpose Financial Information as a whole is 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 ISA will always detect a material misstatement when it exists.

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 Special Purpose Financial Information, 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.
- 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 purpose of expressing an opinion on the effectiveness of the entity's internal control.
- 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 Company'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 Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, and any deficiencies in internal control that we identify during our audit.

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**Rezar LLUKAÇEJ**  
Engagement Partner  
*Tirana, June 10, 2020*





Statement of Sources and Uses of Funds  
Project "Fact Checking Services in Albania"  
Faktoje Center

	Nota	Period from October 2019 - December 2019
<b>SOURCE OF FUNDS</b>	<b>3</b>	6,982,155
Total		6,982,155
<b>USE OF FUNDS</b>		
Staff salaries	4	2,164,170
Fringe Benefit		321,248
Rent and Utilities		252,506
Travel and Per diem		183,515
Stationaries		61,959
Promotion expense		93,159
Communication and postage		20,932
Other cost		41,555
Bank cost		24,412
Total		3,163,456
Cash at the beginning of the period		0
Cash at the end of the period		4,086,398



I. Notes to the Special Purpose Financial Information

1. General Information

1. Basis of preparation

The special purpose financial information has been prepared in accordance with the accounting policies in note 3, under the Cash Basis of Accounting. The special purpose financial information is presented in ALL which is also functional currency in Albania. USD is currency in which funds are received. The special purpose financial information comprise the Statement of Sources and Uses of Funds.

2. Summary of significant accounting policies

A summary of significant accounting policies underlying the preparation of the Project's special purpose financial information is presented below.

a. Foreign currency transactions

Funds are received in USD and expenses paid in USD, EUR, and ALL. The Project has adopted the USD as its reporting currency for consistency with the reporting needs of its main donor, the USAID.

Bank balances in other currencies are converted into ALL at the year-end rate of exchange. Transactions in currencies other than ALL are converted to the reporting currency at the rate ruling at the date of the transaction. As at 31 December 2019, 1 USD is equivalent to ....and 1 Euro is equivalent to 121 ALL

Cash on hand is in 10,753 ALL

b. Recognition of income and expenses

Income is recognized when received and expenses are recognized when paid rather than when incurred. Expenses presented in the notes to the Special Purpose Financial Information include all expenses settled during the audit period.

c. Taxation

The project is exempt from income tax. The Project is liable for withholding tax and is not exempt from Value Added Tax ("VAT") based on the Agreement.



### 3. Funding

	October 2019 - December 2019
Justice for All Project	2,224,347
East West Management Institute	4,121,960
Albanian Center for Quality of Journalism	635,848
<b>Total</b>	<b>6,982,155</b>

### 4. Staff cost

	October 2019 - December 2019
Executive director	630,000
Finance/administration officer	279,864
Chief Editor	360,000
Journalists	755,925
Administrative staff	138,381
	<b>2,164,170</b>



## II. The audit process

### 2.1. Objectives and scope

The objectives of the audit were to enable the Auditor to express an opinion on whether: the Financial Report presents fairly, in all material respects, the actual expenditure incurred, and the funds received for the Project for the period from October 2019 to 31 December 2019 in conformity with the applicable contractual conditions

### 2.2 Procedures used to verify conformity of expenditure with the budget

We performed risk assessment procedures to obtain a sufficient understanding of the Entity and its environment, including its internal control and the project.

As part of this risk assessment we identified risks by obtaining an understanding of Factoje Center and the project, including relevant controls relating to risks, and by considering classes of transactions, expenditure categories and disclosures in the Financial Report.

An Audit Program was prepared and tailored to the project.

We planned and performed substantive procedures to be responsive to the related assessment of the risks of material misstatements and errors.

Supporting documentation was obtained and agreed to the breakdown of costs claimed in the financial report. The costs were also assessed for reasonableness with regards to the project activities and dates checked to ensure they had been incurred in the correct period. We focused on the following areas:

- Documentation, filling and record keeping for Project expenditure and income;
- Eligibility of Project expenditure and income;
- Procurement and origin rules insofar these conditions are relevant to determine the eligibility of Project expenditure;
- Cash and bank management;
- Payroll and time management;

We have performed analytical procedures, meaning evaluations of financial information through analysis of plausible relationships among both financial and non-financial data, at both planning and final stages of the audit.

#### Procedure used to verify selected expenditure

The sample size was determined based on a materiality threshold of 2% of the total amount of reported expenditure with a confidence level of 95%. We have verified, for each expenditure item selected, the eligibility criteria set out below:



No	ELIGIBILITY OF COSTS	RESULT
1	Costs actually incurred	Each expenditure selected was actually incurred by and pertains to the project.
2	Cut-off - Implementation period	Each expenditure selected was incurred during the period October 2019 to 31 December 2019.
3	Budget	Each expenditure selected was indicated in the approved project budget.
4	Records	Each expenditure selected was recorded in the Faktoje Center accounting system in accordance with applicable accounting standards for NGOs
5	Justification	Each expenditure selected was supported by evidence and necessary documents.
6	Monetary value	The monetary value of each selected expenditure agrees with underlying documents.
7	Expenditure classification	Each expenditure selected was classified under the correct line of the financial report.
8	Compliance with National practice & procedures	Each expenditure selected was incurred in accordance with Albanian tax rules (social security tax & income tax for salaries; and withholding tax for consultants & other services).
9	Other	None

No findings have arisen from this procedure.