



**Albanian Red Cross**

**Financial Statements**

For the year ended  
31 December 2014

(with independent Auditors' Report thereon)

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## Independent Auditors' Report

To the Secretary General of  
Albanian Red Cross

Tirana, 29 July 2015

We have audited the accompanying financial statements of Albanian Red Cross ("the Organisation"), which comprise the balance sheet as at 31 December 2014, and the related statements of revenue and expenses, changes in fund balance and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2 to the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organisation as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with the cash modified basis of accounting as described in Note 2 to the financial statements.

*Restriction on Distribution and Use*

Our report is intended solely for the information and use of the management of the Organisation and its donors, and should not be further distributed to other parties or used for any other purposes without our prior written consent.

Fatos Beqja

*Director*

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## Albanian Red Cross

### Statement of Revenue and Expenses For the year ended 31 December 2014

(Amounts in Lek)

	Note	2014	2013
<b>Income</b>			
Donors	3	18,744,709	22,385,332
Branch activities	4	73,071,220	63,156,129
Head office income	5	57,541,617	43,782,524
Grant income	10	14,623,196	14,623,196
		<u>163,980,742</u>	<u>143,947,181</u>
<b>Expenses</b>			
Program expenses	6	(42,497,319)	(45,706,292)
Administrative expenses	7	(74,428,758)	(86,766,477)
Depreciation	8	(19,835,094)	(24,857,171)
		<u>(136,761,171)</u>	<u>(157,329,940)</u>
<b>Surplus/(deficit) of income less expenses</b>		27,219,571	(13,382,759)
<b>Net finance income</b>			
Interest income		4,755,048	10,963,637
Net foreign exchange gains/(loss)		17,175,202	(5,146,210)
		<u>21,930,250</u>	<u>5,817,427</u>
<b>Surplus/(deficit) for the year</b>		<u><b>49,149,821</b></u>	<u><b>(7,565,332)</b></u>

The Statement of Revenue and Expenses is to be read in conjunction with the notes set out on pages 5 to 15 and forming part of the financial statements.

# Albanian Red Cross

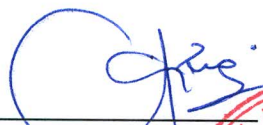
## Balance Sheet As at 31 December 2014

(Amounts in Lek)

	Note	31 December 2014	31 December 2013
<b>Assets:</b>			
<i>Non-current assets</i>			
Property and equipment	8	145,386,196	162,998,010
		<u>145,386,196</u>	<u>162,998,010</u>
<i>Current assets</i>			
Cash on hand and at banks	9	348,082,501	296,079,728
		<u>348,082,501</u>	<u>296,079,728</u>
<b>Total assets</b>		<b><u>493,468,697</u></b>	<b><u>459,077,738</u></b>
<b>Liabilities and fund balance:</b>			
<i>Non-current liabilities</i>			
Deferred revenue	10	52,333,514	66,956,710
Fund balance		436,016,763	386,866,942
		<u>488,350,277</u>	<u>453,823,652</u>
<i>Current liabilities</i>			
Accounts payable	11	5,118,420	5,254,086
		<u>5,118,420</u>	<u>5,254,086</u>
<b>Total liabilities and fund balance</b>		<b><u>493,468,697</u></b>	<b><u>459,077,738</u></b>

The Balance Sheet is to be read in conjunction with the notes set out on pages 5 to 15 and forming part of the financial statements.

The Secretary General of Albanian Red Cross has authorised these financial statements for issue on 29 July 2015:

  
Mr. Artur Katuci  
Secretary General



  
Ms. Elvetina Stillo  
Finance Manager

## Albanian Red Cross

### Statement of Changes in Fund Balance For the year ended 31 December 2014

(Amounts in Lek)

	<b>Fund generated through donors</b>	<b>Funds generated by ARC</b>	<b>Total</b>
Fund balance at 1 January 2013	162,311,244	232,121,030	394,432,274
Total deficit for the year	(3,469,176)	(4,096,156)	(7,565,332)
Fund balance at 31 December 2013	<b>158,842,068</b>	<b>228,024,874</b>	<b>386,866,942</b>
Fund balance at 1 January 2014	158,842,068	228,024,874	386,866,942
Total surplus for the year	4,707,201	44,442,620	49,149,821
Fund balance at 31 December 2014	<b>163,549,269</b>	<b>272,467,494</b>	<b>436,016,763</b>

The Statement of Changes in Fund Balance is to be read in conjunction with the notes set out on pages 5 to 15 and forming part of the financial statements.

## Albanian Red Cross

### Statement of Cash Flows For the year ended 31 December 2014

(Amounts in Lek)

	Note	2014	2013
<b>Cash flows from operating activities</b>			
Surplus/(deficit) for the year		49,149,821	(7,565,332)
<i>Adjustments for:</i>			
Depreciation	8	19,835,094	24,857,171
Interest income		(4,755,048)	(10,963,637)
<i>Changes in operating assets and liabilities:</i>			
Changes in receivables		-	10
Changes in deferred revenue		(14,623,196)	(14,623,196)
Changes in liabilities		(135,666)	43,697
Interest received		4,755,048	10,963,637
<b>Net cash from operating activities</b>		<b>54,226,053</b>	<b>2,712,350</b>
<b>Investing activities</b>			
Acquisition of property and equipment	8	(2,223,280)	(318,660)
Changes in term deposits		(16,672,467)	(87,244,494)
<b>Net cash used in investing activities</b>		<b>(18,895,747)</b>	<b>(87,563,154)</b>
Net increase/(decrease) in cash and cash equivalents		35,330,306	(84,850,804)
Cash and cash equivalents at 1 January		68,452,490	153,303,294
<b>Cash and cash equivalents at 31 December</b>	<b>9</b>	<b>103,782,796</b>	<b>68,452,490</b>

The Statement of Cash Flows is to be read in conjunction with the notes set out on pages 5 to 15 and forming part of the financial statements.



# Albanian Red Cross

## Notes to the financial statements for the year ended 31 December 2014

(amounts in Lek, unless otherwise stated)

### 1. Organization and principal activities

The Albanian Red Cross (hereinafter "ARC" or the "Organisation") was founded in 1921 and in 1923 was recognised by the International Committee of Red Cross ("ICRC"), also becoming a member of the International Federation of Red Cross and Red Crescent Societies. In 1969, the ARC suspended its activities, which were resumed 22 years later, in 1991. The ARC was established in Albania as a non-profit organisation. ARC carries out projects such as health care, disaster relief, professional and institutional development and the promotion of humanitarian values.

As at 31 December 2014, ARC had 39 branches (2013: 39) throughout the country, with full time staff 49 (2013:48), part-time staff 383 (2013: 179) and 2,900 supporting volunteers.

### 2. Significant accounting policies

#### Basis of preparation

The accompanying financial statements have been prepared on the modified cash basis of accounting which differs from Albanian and International Financial Reporting Standards. On this basis; revenue is recognised when received rather than when earned, and expenses are recognised when paid rather than when incurred. The cash basis is modified to recognise on an accrual basis; property and equipment, non-cash contributions donated in the form of depreciable assets and personnel related costs.

The accompanying financial statements are presented in Albanian Lek. The financial statements aggregate the activities and balances of the Organisation's head office and its branches.

#### Foreign currency transactions

Foreign currency transactions are converted into Lek at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currency included in the balance sheet are converted into Lek at the year-end rate of exchange. Property and equipment in foreign currencies have been converted into Lek at the historical exchange rate. Resulting exchange differences are recognised in the statement of revenue and expenses for the year. In converting foreign currency transactions the Organisation refers to the exchange rate of Raiffeisen Bank in Albania where most of its bank accounts are kept.

#### Property and equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation for property and equipment is calculated on a straight-line basis, at rates, which approximate average economic useful lives. Land is not depreciated. The useful lives are as follows:

	<u>In years</u>
Buildings	20
Computers and equipment	4
Office supplies	5
Vehicles	5

#### Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid bank deposits with an original maturity of three months or less.

## **Albanian Red Cross**

### **Notes to the financial statements for the year ended 31 December 2014**

*(amounts in Lek, unless otherwise stated)*

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#### **2. Significant accounting policies (continued)**

##### **Personnel and related costs**

The Organisation recognises personnel related costs on an accrual basis of accounting. These costs comprise wages and salaries, social insurance contributions and personal income tax. Accounts payable at year end represent accrued personnel and related costs.

##### **Fund balance**

Fund balances generated through donors relate to contributions for which the donor imposed restrictions on destination of funds, limiting ARC's use of an asset or its economic benefits neither expire with the passage of time nor can be removed by meeting certain requirements. Funds generated through own activities include those fund balances generated by ARC activities and awareness promotions for which the use is not restricted by a donor agreement, even though its use may be limited in other respects, such as yearly budget plan, purpose of donation, contract and by board designation.

##### **Income recognition**

Donation income is derived principally from donations received from donors for specific projects and from the International Federation of Red Cross ("IFRC"). Income from branches is mainly derived from first aid courses, local donations, membership fees and other courses organised locally by the branches. All donations are recognised as revenue when received rather than when earned. Other income is also recorded when received rather than when earned.

Non-cash contributions donated in the form of depreciable assets (e.g. buildings) are recognized in the balance sheet initially as deferred revenue when there is reasonable assurance that they will be received and that the Organisation will comply with the conditions attaching to such contributions. These contributions are recognised in the statement of revenue and expenses as grant income on a systematic basis over the useful life of the respective asset.

Non-cash contributions donated in the form of non-depreciable assets (e.g. land) are recognized in the statement of revenue and expenses as grant income immediately.

Non-cash contributions donated in the form of assets for which the Organisation has not yet estimated the initial costs or fair value, assets donated prior to its establishment in 1991 for which no legal title is obtained and services in kind are not reflected in the financial statements.

##### **Taxation**

Based on the Law No. 7864, dated 29 September 1994, "On Albanian Red Cross", the activity of the Organisation is exempt from taxes.

The Organisation is liable for personal income tax, social insurance contributions and withholding taxes.



## Albanian Red Cross

### Notes to the financial statements for the year ended 31 December 2014 (amounts in Lek, unless otherwise stated)

#### 3. Income from donors

Income from donors represents funds received from the International Federation of Red Cross in Budapest ("IFRC") and other donors. Income from donors is composed as follows:

	2014	2013
<i>International Federation of Red Cross</i>		
IFRC – Budapest	592,200	1,176,750
	592,200	1,176,750
<i>Bilateral donations</i>		
German Red Cross	6,428,213	-
Norwegian Red Cross	1,653,496	1,732,559
ICRC	-	622,818
Vodafone	-	5,995,900
Bankers Petroleum	-	938,902
UNICEF	-	3,671,488
BESSY Project	-	4,612,315
National Centre for blood donation	10,070,800	3,634,600
	18,152,509	21,208,582
<b>TOTAL</b>	<b>18,744,709</b>	<b>22,385,332</b>

All the funds received during 2014 and 2013 are restricted by donor agreement.

## Albanian Red Cross

### Notes to the financial statements for the year ended 31 December 2014

(amounts in Lek, unless otherwise stated)

#### 4. Income from branch activities

Income from branch activities is composed as follows:

	2014	2013
First Aid Courses	21,997,150	16,804,925
First Aid Books	19,048,000	14,793,600
Local donations	14,957,713	12,570,110
Local courses	3,074,300	2,797,700
Membership fees	9,574,900	9,634,600
National Centre for blood donation	2,677,500	4,646,100
Income from renting offices	1,303,350	1,456,600
Other	438,307	452,494
<b>TOTAL</b>	<b>73,071,220</b>	<b>63,156,129</b>

Income from first aid courses and books mainly arise from first aid courses offered by the Organisation to individuals applying for a driving license. The Government of Albania regulates this service on a nationwide basis and has granted the Organisation with exclusive right to offer such services in order to support implementation of its humanitarian programs. Accordingly, the Steering Council designated such funds as restricted in their purpose.

Local donations include funds that are raised for specific campaigns launched during the year. These include campaigns for orphans and disabled children, elderly people, families in need etc. Accordingly, the Steering Council designated such funds as restricted in their purpose.

#### 5. Head Office income

Head Office income is composed as follows:

	2014	2013
First Aid Courses	42,534,655	33,773,255
First Aid Books	4,762,000	3,698,400
Income from renting offices and warehouses	6,720,629	3,173,960
Funds bequeathed from citizens	2,751,734	2,947,370
Other	772,599	189,539
<b>TOTAL</b>	<b>57,541,617</b>	<b>43,782,524</b>

Funds bequeathed from citizens include funds donated by an American citizen fund to be used in different humanitarian activities. Accordingly, the Steering Council designated such funds as restricted in their purpose.



## Albanian Red Cross

### Notes to the financial statements for the year ended 31 December 2014

(amounts in Lek, unless otherwise stated)

#### 6. Program expenses

Program expenses are composed as follows:

	2014	2013
Albanian Red Cross programs	22,565,807	28,578,245
Branch programs	19,931,512	17,128,047
<b>TOTAL</b>	<b>42,497,319</b>	<b>45,706,292</b>

Program expenses comprise of expenditures covered by funds, for which, the donor imposed specific restrictions (fund generated through donors) and expenditures paid out of unrestricted funds and other funds designated as restricted in their purpose, although not specifically defined by donor agreement (fund generated through own activities).

Program expenses for the years indicated can be categorized as follows:

	2014		2013	
	<i>Generated through donors</i>	<i>Generated through own activities</i>	<i>Total</i>	<i>Total</i>
<i>Albanian Red Cross</i>				
Social Welfare	4,705,697	136,750	4,842,447	2,225,890
Disaster Preparedness	435,500	1,501,100	1,936,600	7,983,731
Health program	3,724,419	89,265	3,813,684	7,964,618
Development	-	4,068,464	4,068,464	2,513,176
First aid	-	4,752,377	4,752,377	4,275,527
Volunteers management	-	695,784	695,784	918,414
Humanitarian values	-	77,500	77,500	234,119
Training on fundraising	-	35,800	35,800	2,099,290
Headquarters support	-	2,343,151	2,343,151	363,480
	<b>8,865,616</b>	<b>13,700,191</b>	<b>22,565,807</b>	<b>28,578,245</b>
<i>Branches</i>				
Social Welfare	-	13,323,382	13,323,382	10,107,154
Disaster Preparedness	-	104,023	104,023	147,582
Health program	-	1,653,335	1,653,335	2,224,759
Development	-	2,313,977	2,313,977	2,268,490
First aid	-	336,539	336,539	256,389
Volunteers management	-	300,065	300,065	332,160
Branch support	-	1,900,191	1,900,191	1,791,513
	-	<b>19,931,512</b>	<b>19,931,512</b>	<b>17,128,047</b>
	<b>8,865,616</b>	<b>33,631,703</b>	<b>42,497,319</b>	<b>45,706,292</b>

## Albanian Red Cross

### Notes to the financial statements for the year ended 31 December 2014

(amounts in Lek, unless otherwise stated)

#### 7. Administrative expenses

Administrative expenses for the years indicated can be categorised as follows:

	2014	2013
Personnel expenses	57,449,498	60,936,867
Operating expenses	16,979,260	25,829,610
<b>TOTAL</b>	<b>74,428,758</b>	<b>86,766,477</b>

Administrative expenses comprise of expenditures covered by funds, for which the donor imposed specific restrictions (fund generated through donors) and expenditures paid out of unrestricted funds and other funds designated as restricted in their purpose, although not specifically defined by donor agreement (fund generated through own activities).

Personnel expenses can be categorised as follows:

	2014		2013	
	<i>Generated through donors</i>	<i>Generated through own activities</i>	<i>Total</i>	<i>Total</i>
<i>Albanian Red Cross</i>				
Salaries	3,317,860	14,611,500	17,929,360	19,747,665
Per diem	745,003	577,900	1,322,903	864,200
Social charges	347,381	3,911,345	4,258,726	4,918,425
Other	243,699	3,632,400	3,876,099	4,259,351
	<b>4,653,943</b>	<b>22,733,145</b>	<b>27,387,088</b>	<b>29,789,641</b>
<i>Branches</i>				
Salaries	-	22,889,838	22,889,838	22,823,063
Per diem	-	258,250	258,250	253,634
Social charges	-	3,888,648	3,888,648	3,929,176
Other	-	3,025,674	3,025,674	4,141,353
	-	30,062,410	30,062,410	<b>31,147,226</b>
	<b>4,653,943</b>	<b>52,795,555</b>	<b>57,449,498</b>	<b>60,936,867</b>

## Albanian Red Cross

### Notes to the financial statements for the year ended 31 December 2014 (amounts in Lek, unless otherwise stated)

#### 7. Administrative expenses (continued)

Operating expenses can be categorized as follows:

	2014		2013	
	<i>Generated through donors</i>	<i>Generated through own activities</i>	<i>Total</i>	<i>Total</i>
<i>International Federation of Red Cross</i>				
Financial charges	-	-	-	-
	-	-	-	-
<i>Albanian Red Cross</i>				
Publishing, printing & publicity	370,214	2,430,081	2,800,295	6,278,470
Financial charges	10,000	165,183	175,183	122,275
Office costs	28,091	843,217	871,308	950,414
Professional fees	-	2,730,437	2,730,437	2,658,800
Maintenance and repair	-	3,047,192	3,047,192	3,943,514
Communication	109,644	1,912,877	2,022,521	2,517,455
Other	-	434,914	434,914	4,620,429
	<b>517,949</b>	<b>11,563,901</b>	<b>12,081,850</b>	<b>21,091,357</b>
<i>Branches</i>				
Publishing, printing & publicity	-	341,766	341,766	410,979
Financial charges	-	143,079	143,079	113,623
Office costs	-	1,783,985	1,783,985	1,788,042
Maintenance and repair	-	1,870,955	1,870,955	1,479,876
Communication	-	757,625	757,625	945,733
	-	<b>4,897,410</b>	<b>4,897,410</b>	<b>4,738,253</b>
	<b>517,949</b>	<b>16,461,311</b>	<b>16,979,260</b>	<b>25,829,610</b>

Other operating expenses incurred by the Organization in 2014 and 2013 represent fees contributed to International Federation of Red Cross based on the fund generated through own activities in prior years 2013 and 2012, respectively.



## Albanian Red Cross

### Notes to the financial statements for the year ended 31 December 2014

(amounts in Lek, unless otherwise stated)

#### 8. Property and equipment

Property and equipment are composed as follows:

	Land and Buildings	Computers and Equipment	Office supplies	Vehicles	Total
<b>Cost</b>					
At 1 January 2013	504,540,924	6,357,522	6,828,437	2,995,325	520,722,208
Additions	-	148,161	170,501	-	318,662
<b>At 31 December 2013</b>	<b>504,540,924</b>	<b>6,505,683</b>	<b>6,998,938</b>	<b>2,995,325</b>	<b>521,040,870</b>
Additions	-	175,499	323,321	1,724,460	2,223,280
<b>At 31 December 2014</b>	<b>504,540,924</b>	<b>6,681,182</b>	<b>7,322,259</b>	<b>4,719,785</b>	<b>523,264,150</b>
<b>Accumulated depreciation</b>					
At 1 January 2013	(318,617,625)	(5,355,862)	(6,216,877)	(2,995,325)	(333,185,689)
Depreciation for the year	(24,094,398)	(556,519)	(206,254)	-	(24,857,171)
<b>At 31 December 2013</b>	<b>(342,712,023)</b>	<b>(5,912,381)</b>	<b>(6,423,131)</b>	<b>(2,995,325)</b>	<b>(358,042,860)</b>
Depreciation for the year	(19,199,831)	(420,876)	(214,387)	-	(19,835,094)
<b>At 31 December 2014</b>	<b>(361,911,854)</b>	<b>(6,333,257)</b>	<b>(6,637,518)</b>	<b>(2,995,325)</b>	<b>(377,877,954)</b>
<b>Carrying amount</b>					
<b>At 31 December 2013</b>	<b>161,828,901</b>	<b>593,302</b>	<b>575,807</b>	<b>-</b>	<b>162,998,010</b>
<b>At 31 December 2014</b>	<b>142,629,070</b>	<b>347,925</b>	<b>684,741</b>	<b>1,724,460</b>	<b>145,386,196</b>

During 2008, the Organisation capitalised land and buildings donated or purchased with donated funds during the years 1993 to 2002. At the same time, buildings donated were recognised as deferred revenue, which is released to grant income on a systematic basis over the useful life of the respective asset (refer to note 10).

The Organisation has not obtained legal title to the following properties as at 31 December 2014:

- Building of the Head Office with a net carrying amount of 0 LEK which is under legal procedures (refer to note 12).
- Office building in Durres branch with a net carrying amount of LEK 4,652,247. Legal title is not obtained because the Organisation has not purchased the land on which the office is located, which is state property. The process is on hold as the Government has not yet approved the price of the land.
- Part of office building located in Elbasan with net carrying amount of LEK 902,468.

Management believes that it is reasonably certain that legal title will be obtained in the future. Accordingly these buildings have been recognised in the financial statements.

Properties, where the Organisation has neither obtained legal title nor estimated the initial costs or fair value, are not included in property and equipment at 31 December 2014 (refer to note 12).



## Albanian Red Cross

### Notes to the financial statements for the year ended 31 December 2014

(amounts in Lek, unless otherwise stated)

#### 9. Cash on hand and at banks

Cash on hand and at banks are composed as follows:

	31 December 2014	31 December 2013
Cash on hand	604,345	885,077
Cash at banks		
Current accounts	103,178,451	67,567,413
Term deposits	244,299,705	227,627,238
<b>TOTAL</b>	<b>348,082,501</b>	<b>296,079,728</b>
Less: Term deposits	(244,299,705)	(227,627,238)
<b>Cash and cash equivalents for the purposes of the statement of cash flow</b>	<b>103,782,796</b>	<b>68,452,490</b>

Term deposits comprise the following deposits as of 31 December 2014 and 2013:

	31 December 2014		31 December 2013	
	Amount	Interest rate	Amount	Interest rate
LEK	63,156,935	1%-7.2%	57,893,619	2.7%-7.2%
EUR	51,122,773	4%	51,194,272	5%
USD	130,019,997	2.5%-3.3%	118,539,347	4%-4.2%
<b>Total</b>	<b>244,299,705</b>		<b>227,627,238</b>	

Term deposits represent eleven deposits (2013: twelve deposits) placed with local banks with a remaining maturity of between 1 to 12 months (2013: from 1 to 12 months).

## Albanian Red Cross

### Notes to the financial statements for the year ended 31 December 2014

(amounts in Lek, unless otherwise stated)

#### 10. Deferred revenue

Deferred revenue represents the net carrying value of assets donated during the years 1993 to 2002 first recognised in 2008 (refer to note 8). Movement in deferred revenue is as follows:

	2014	2013
Balance at the beginning of the year	66,956,710	81,579,906
Released to grant income during the year	(14,623,196)	(14,623,196)
<b>Balance at the end of the year</b>	<b>52,333,514</b>	<b>66,956,710</b>

#### 11. Accounts payable

Accounts payable are composed as follows:

	31 December 2014	31 December 2013
Social Insurance and personal income tax	1,214,752	2,070,315
Payables to employees	2,773,006	2,327,430
Differences from banks	1,130,662	856,341
<b>TOTAL</b>	<b>5,118,420</b>	<b>5,254,086</b>

Differences from banks represent amounts received in the bank account which are not income of the Organisation. These differences include an amount of USD 5,000 received in 2009, which was not specifically donated to the Organisation. Management will not spend this fund until receipt of further specification on the destination and purpose of the donation.

#### 12. Court proceedings

The Organization is involved in the following court proceedings as at 31 December 2014:

- Claim on recognition of legal ownership on a property of 270 square meters located in Tirana as well as indemnification of the monthly rent of LEK 50,000 starting from 20 April 2004, the date from when such property was registered in the mortgage register. The Organization was notified on 6 May 2013 from the Tirana District Attorney that the legal proceeding nr 884 filed earlier during 2013, had been suspended. Hence this property is not included in property and equipment at 31 December 2014 and its initial cost or fair value is not yet estimated by the Organization. Despite the Organization request towards the Tirana District Attorney to reconsider legal proceedings, there have been no proceedings as of 31 December 2014. Management started procedures for registration of the property in 2013, but has yet to receive the back rentals as of 31 December 2014.
- Claim on recognition of legal ownership on land of 4,000 square meters, where the building of the Head Office is located (refer to note 8) as well as suspension of construction works started by another party in the parking area. The Supreme Court decided in favor of the Organisation with regard to the land ownership, however the land is not included in property and equipment at 31 December 2014 as initial cost or fair value is not yet estimated by the Organisation. The construction works have been terminated and the Organisation started another legal process on removal of the building constructed or indemnification for monthly rental.

## Albanian Red Cross

### Notes to the financial statements for the year ended 31 December 2014

*(amounts in Lek, unless otherwise stated)*

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#### 12. Court proceedings (continued)

- Claim on recognition of legal ownership on land and building of 97,000 square meters located in Tirana. This property is not included in property and equipment at 31 December 2014 as initial cost or fair value is not yet estimated by the Organisation. The case is pending in the Tirana Court.
- In December 2010 activities of "Garazhi Shpresa Shpk", a limited liability partnership owned 100% by Albanian Red Cross, was subject to an audit by the Regional Directory of Tax in Tirana. The tax inspection report issued in January 2011 resulted in reassessed tax liability and penalty amounting to Lek 10,342,951. Albanian Red Cross paid and accounted in operating expenses the amount of Lek 4,942,436 related to reassessed tax liabilities.

The Organization appealed this decision at Tirana Regional Court claiming annulment of the Tax administrative act and reimbursement of court expenses, based on Law no. 7638, dated 19.11.1992 "On commercial entities" enacted at the time the Company started liquidation, and won the first court case. The Regional Directory of Tax brought the case at the Appeal court claiming payment of the remaining amount of Lek 5,400,515. No further decision has been made at the time of preparation of these financial statements.

#### 13. Subsequent events

There are no events after the balance sheet date that would require either adjustments or additional disclosures in the financial statements.