



Independent Auditors' Report and Fund Accountability Statement

Millennium Foundation of Kosovo (“MFK”)

Threshold Agreement

For the period from
September 12, 2017 through September 30, 2019

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Cover Letter

To: Board of Directors
Millennium Foundation of Kosovo (MFK)
Str. Migjeni 21 (9th floor of the former Ljubljana Bank Building)
Prishtina 10000, Republic of Kosovo

March 13 2020

Dear Sirs,

We are pleased to present our report on the Fund Accountability Statement of MFK, which shows incurred costs in the total amount of USD 2,469,430 for Threshold Fund during the period from September 12, 2017 through September 30, 2019.

The financial statements are the responsibility of MFK Management. Our responsibility is to express an opinion on the Fund Accountability Statement, to evaluate internal controls, to perform compliance testing and to review the status of prior audit recommendations (if applicable), based on our audit.

We seize this opportunity to thank MFK Management and staff for their collaboration. Please contact us regarding any questions you may have on our report or for any additional information.

Yours sincerely,

Audit & Consulting Associates

Audit & Consulting Associates
Str. Fehmi Agani 25/2
Prishtina 10000, Republic of Kosovo





Introduction

1. Background

The United States of America, acting through the Millennium Challenge Corporation (“MCC”) and the Government of **Kosovo** (the “Government” or “**GoK**”) have entered into a Millennium Challenge Threshold program agreement on September 12, 2017, for Millennium Challenge Account assistance to help facilitate poverty reduction through economic growth in **Kosovo** (the “Threshold program agreement”) in the amount of approximately **49 million USD** (“MCC Funding”).

MCC has authorized a program to provide assistance under Section 818 of the Millennium Challenge Act of 2003, as amended, to selected candidate counties that have demonstrated a commitment to strengthening good governance, economic freedom and investment in people in order to assist such counties to become eligible for a Millennium Challenge Compact (the Threshold Program).

MCC has selected Kosovo as eligible for the Threshold Program, and the Parties wish to implement the program described herein to achieve the goals and objectives described below.

Goals and Objectives

Program Goal of this Agreement is to assist Kosovo in become eligible for a Millennium Challenge Compact by supporting the implementation of critical institutional and policy reforms that address binding constraints to economic growth in Kosovo. MCC’s assistance will be provided in a manner that strengthens good governance, economic freedom and investments in the people of Kosovo.

Project Objectives of this Agreement consists are the following:

Reliable Energy Landscape Project: Demand for electricity significantly surpasses supply in Kosovo, and the country struggles with the reliability of its energy supply. This project encourages greater household energy efficiency and facilitates the switch to non-electric sources of heating through a pilot activity. MCC’s investments also work to bolster private-sector participation in the power sector by exploring barriers to finance for independent power producers, and create opportunities for women to participate in the energy sector through both employment and entrepreneurship. Activities within this Objective are:

- a. Pilot Incentives for Household Investment in Energy Efficiency
- b. District Heating Metering
- c. IPP Project Finance Facilitation

Transparent and Accountable Governance Project: Government decision-making is often opaque, leading to distrust by the private sector and civil society, and high perceptions of corruption. Kosovo’s judiciary is one the country’s least trusted institutions. This project supports the implementation of a case management information system to make judicial information publicly available, and improvements to the collection and reporting of environmental data to the public. An open innovation competition will let the government pose their challenges to civil society and private sector stakeholders to propose creative, data-grounded solutions, which can be a model for more productive partnerships between government and civil society. Activities within this Objective are:

- a. Public Access to Judicial Information
- b. Environmental Data Collection
- c. Kosovo Open Data Challenge

The MFK Fund Accountability Statement is subject to audit for the period from September 12, 2017 to September 30, 2019



The Threshold agreement between MCC and Government of Kosovo does not include any provisional Indirect Cost rates.

2. Audit objectives and scope

The objective of this engagement is to conduct financial audits of the MCC resources managed by MFK, under the Threshold Program Agreement between MCC and the Government, from September 12, 2017 through September 30, 2019. The audit is conducted in accordance with the U.S. Government Auditing Standards issued by the Comptroller General of the United States and the Guidelines for Financial Audits Contracted by the Millennium Challenge Corporation's Accountable Entities issued by the MCC Office of Inspector General (OIG).

The specific objectives of the financial audit of resources managed by MFK are to:

- Express an opinion on whether the FAS for the resources managed by MFK using MCC funds presents fairly, in all material respects, revenues received, costs incurred and reimbursed, and commodities, assets, and technical assistance directly procured by MCC (including by MFK) for the period audited in accordance with MCC rules and regulations, other implementing guidance, the terms of the Threshold Program Agreement, related agreements, conditions of award, and generally accepted accounting principles or other comprehensive basis of accounting (including the cash receipts and disbursements basis and modifications of the cash basis).
- Evaluate and obtain a sufficient understanding of MFK's internal controls related to MFK's development and implementation of the Threshold Program Agreement using MCC funds, assess control risk, and identify reportable conditions, including material internal control weaknesses.
- Perform tests to determine whether MFK complied, in all material respects, with the Threshold Program Agreement, supplemental agreements, and applicable laws and regulations related to MCC-funded programs. All material instances of noncompliance and all illegal acts that have occurred or are likely to have occurred must be identified. Specifically, the auditor shall perform tests to determine whether MFK complied, in all material respects, with the MCC Program Procurement Guidelines, the MCC Cost Principles for Accountable Entity Operations, and the MFK Fiscal Accountability Plan ("FAP") in effect during the audit period.
- Determine whether MFK has taken adequate corrective action on prior audit report recommendations, if applicable.

To accomplish the overall objectives, we carried out the following procedures:

(i) Pre audit steps

In order to fully understand the objectives for the audit of the program's activities and to become familiar with the program, we read all the documents considered necessary to perform the audit such as: Threshold Program Agreement, and any supplemental agreements by and between MCC, the Government, and the MFK for development and implementation of the Threshold Program Agreement. Other documents including but not limited to, the: Bank Agreement, Fiscal Agent Agreement, Fiscal Accountability Plan, Procurement Operations Manual, Procurement Plan,



Program Procurement Guidelines, Implementing Entity Agreement(s), M&E Plan, Implementation Plan(s), Program Closure Plan and Work Plans for the relevant Project or Project Activity. The agreements between the MFK and contractors and grantees, and any other entities implementing MCC-funded activities on the MFK's behalf. The sub-agreements or implementing entity agreements between the MFK and other implementing entities, if applicable. Contracts and subcontracts with third parties, if any. The budgets, implementation letters, and written procedures approved by MCC and the MFK. Applicable procurement laws and regulations. MCC's *Cost Principles for Accountable Entity Operations* in effect during the audit period.

(ii) Internal controls

Review and evaluation of MFK's internal controls related to MCC funded programs in order to obtain a sufficient understanding of the relevant policies and whether those policies and procedures have been placed in operation.

(iii) Fund accountability statement

Review of Fund Accountability Statement including the budget amounts by category and major items, the revenues received from MCC during the period covered by the audit, costs reported by MFK as incurred during that period, and the assets and technical assistance procured by MCC for the use of MFK. We also monitored the Fiscal Agent when it prepared the Fund accountability statement.

(iv) Compliance with agreement terms and applicable laws and regulations

To determine, conclude and report whether fraud or illegal acts, abuse or non-compliance has occurred or is likely to have occurred.

(v) Follow-up on prior audit recommendations (if applicable)

We conducted our audit of the Fund Accountability Statement in accordance with U.S. Government Auditing Standards issued by the Comptroller General of the United States and the Guidelines for Financial Audits Contracted by the Millennium Challenge Corporation's Accountable Entities issued by the MCC Office of Inspector General (OIG). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Fund Accountability Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Fund Accountability Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Fund Accountability Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We do not have a continuing education program that fully satisfies the requirement set forth in Chapter 3, paragraph 3.76 of U.S. Government Auditing Standards. Although, our current program provides for at least 24 (twenty four) hours of continuing education and training every year, we are not complying with the 24 hours of U.S. Government related CPEs. Accordingly, we are taking appropriate steps to implement a continuing education program that fully satisfies the requirement.

We did not have an external quality control review by an unaffiliated audit organization as required by Chapter 3, paragraphs 3.82 and 3.96 of U.S. Government Auditing Standards, since no such program is offered by professional organizations in the Republic of Kosovo.



3. *Brief content of audit report and its results*

As a result of our audit work, we are submitting:

- Independent Auditors' Report on Fund Accountability Statement
- Independent Auditors' Report on Internal Control
- Independent Auditors' Report on Compliance
- Management Letter

Summary results of the audit:

- Unqualified opinion;
- No deficiencies in internal controls were identified that we consider to be material weaknesses;
- The results of our tests disclosed no instances of noncompliance that are required to be reported under U.S. Government Auditing Standards;
- Unqualified conclusion;
- The Threshold agreement does not have any cost-sharing contributions; therefore, we did not perform the review of cost sharing contributions.
- There were no related parties involvement identified during the audit
- Minor and non-material observations presented in management letter

Summary of MFK Management responses:

The Auditors' Reports were communicated and accepted by the MFK management.

Yours faithfully,

Audit & Consulting Associates
Audit & Consulting Associates

Prishtina,
13 March 2020



Management Responsibility

The accompanying Fund Accountability Statement and related disclosure Notes, of the Threshold program agreement implemented by Millennium Foundation of Kosovo (MFK), and financed under Millennium Challenge Corporation ("MCC"), for the period from September 12, 2017 through September 30, 2019, is compiled by Millennium Foundation of Kosovo Management (MFK), for the purposes of reporting to the Board of Directors and Millennium Challenge Corporation (MCC).

The management of Millennium Foundation of Kosovo (MFK) is responsible for preparation of Fund Accountability Statement.

The management of Millennium Foundation of Kosovo (MFK) is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of internal controls are to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition; transactions are executed in accordance with management's authorization and in accordance with the terms of the agreements; and transactions are recorded properly to permit the preparation of the Fund Accountability Statement in conformity with the basis of accounting described in Note 2 to the Fund Accountability Statement. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projection of any evaluation of structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that effectiveness of the design and operation of policies and procedures may deteriorate.

The management of Millennium Foundation of Kosovo (MFK) is responsible for compliance with agreement terms and laws and regulations applicable to Millennium Foundation of Kosovo (MFK).

Prishtina,
13 March 2020



Mr. Petrit Selimi
Executive Director



Independent Auditors' Report on Fund Accountability Statement

Board of Directors
Millennium Foundation of Kosovo (MFK)
Str. Migjeni 21 (9th floor of the former Ljubljana Bank Building)
Prishtina 10000, Republic of Kosovo

We have audited the Fund Accountability Statement of the Threshold program agreement implemented by Millennium Foundation of Kosovo (MFK), financed under Millennium Challenge Corporation ("MCC"), for the period from September 12, 2017 through September 30, 2019. The fund accountability statement is the responsibility of Millennium Foundation of Kosovo (MFK) management. Our responsibility is to express an opinion on the fund accountability statement based on our audit.

Except as discussed in the following paragraph, we conducted our audit of the Fund Accountability Statement in accordance with U.S. Government Auditing Standards issued by the Comptroller General of the United States and the Guidelines for Financial Audits Contracted by the Millennium Challenge Corporation's Accountable Entities issued by the MCC Office of Inspector General (OIG). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Fund Accountability Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Fund Accountability Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Fund Accountability Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We do not have a continuing education program that fully satisfies the requirement set forth in Chapter 3, paragraph 3.76 of U.S. Government Auditing Standards. Although, our current program provides for at least 24 (twenty four) hours of continuing education and training every year, we are not complying with the 24 hours of U.S. Government related CPEs. Accordingly, we are taking appropriate steps to implement a continuing education program that fully satisfies the requirement.

We did not have an external quality control review by an unaffiliated audit organization as required by Chapter 3, paragraphs 3.82 and 3.96 of U.S. Government Auditing Standards, since no such program is offered by professional organizations in the Republic of Kosovo.

In our opinion, the Fund Accountability Statement for the period ended September 30, 2019 referred to above presents fairly, in all material respects, program revenues, costs incurred and reimbursed, for the year then ended in accordance with the terms of the agreements and in conformity with the basis of accounting described in Note 2 to the Fund Accountability Statement.

In accordance with U.S. Government Auditing Standards, we have also issued our reports dated March 13, 2020, on our consideration of MFK's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. Those reports are an integral part of an audit performed in accordance with U.S. Government Auditing Standards and should be

read in conjunction with this Independent's Auditor's Report in considering the results of our audit. The purpose of these reports are solely to describe the scope of our testing of internal control over



financial reporting (ICOFR) and compliance and the results of that testing, not to provide an opinion on the effectiveness of the MCK's ICOFR or on compliance.

This report is intended for the information of Millennium Foundation of Kosovo (MFK) Board of Directors and the Millennium Challenge Corporation (MCC). However, upon release by MCC, this report is a matter of public record and its distribution is not limited.

Audit & Consulting Associates

ACA – Audit & Consulting Associates

Prishtina, Kosovo

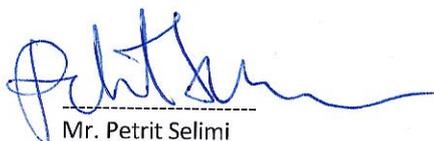
March 13, 2020



Millennium Foundation of Kosovo (MFK)
FUND ACCOUNTABILITY STATEMENT FROM SEPTEMBER 12, 2017 TO SEPTEMBER 30, 2019
(Amounts expressed in United States Dollars - USD)

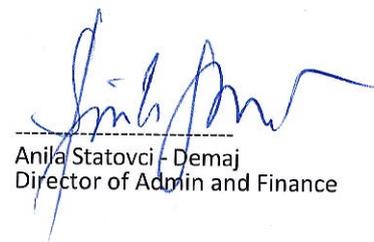
Consolidated Fund Accountability Statement (in USD)

MILLENIUM FOUNDATION OF KOSOVO CONSOLIDATED FUND ACCOUNTABILITY STATEMENT September 12, 2017 to September 30, 2019 Amounts expressed in United States Dollars - USD								
	THRESHOLD				CONSOLIDATED THRESHOLD			
	BUDGET	PRIOR PERIOD	CURRENT PERIOD	CUMULATIVE	BUDGET	PRIOR PERIOD	CURRENT PERIOD	CUMULATIVE
REVENUE	49,000,000	-	2,619,182	2,619,182	49,000,000	-	2,619,182	2,619,182
COSTS INCURRED								
1. Energy Sector Project	34,000,000	-	446,266	446,266	34,000,000	-	446,266	446,266
1.1 Energy Efficiency Activity - 0489	20,700,000	-	444,128	444,128	20,700,000	-	444,128	444,128
1.2 District Heating Metering Activity - 0490	10,900,000	-	803	803	10,900,000	-	803	803
1.3 IPP Project Finance Facilitation Activity - 0432	2,400,000	-	1,335	1,335	2,400,000	-	1,335	1,335
2. Governance Project	8,300,000	-	286,792	286,792	8,300,000	-	286,792	286,792
2.1 Public Access to Judicial Info. Activity - 0491	4,000,000	-	-	-	4,000,000	-	-	-
2.2 Environmental Data Collection Activity - 0492	3,000,000	-	19,634	19,634	3,000,000	-	19,634	19,634
2.3 Open Data Activity - 0493	1,300,000	-	267,158	267,158	1,300,000	-	267,158	267,158
3. M&E (MON & EVAL)	1,700,000	-	12,229	12,229	1,700,000	-	12,229	12,229
Monitoring and Evaluation - 0016	1,700,000	-	12,229	12,229	1,700,000	-	12,229	12,229
4. Program Admin (PGM ADMIN)	5,000,000	-	1,724,142	1,724,142	5,000,000	-	1,724,142	1,724,142
Program Administration - 0017	4,370,000	-	1,580,350	1,580,350	4,370,000	-	1,580,350	1,580,350
Fiscal Management - 0131	430,000	-	125,000	125,000	430,000	-	125,000	125,000
Procurement Management - 0021	100,000	-	18,792	18,792	100,000	-	18,792	18,792
Financial Audit - 0031	100,000	-	-	-	100,000	-	-	-
TOTAL COSTS INCURRED	49,000,000	-	2,469,430	2,469,430	49,000,000	-	2,469,430	2,469,430
Excess of Revenue Over Costs Incurred	-	-	149,752	149,752	-	-	149,752	149,752
Fund Balance September 17, 2017	-	-	-	-	-	-	-	-
Fund Balance September 30, 2019	-	-	149,752	149,752	-	-	149,752	149,752



Mr. Petrit Selimi
Executive Director

Prishtina,
13 March 2020



Anija Statovci - Demaj
Director of Admin and Finance

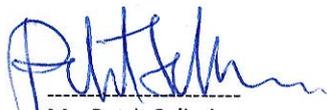
Millennium Foundation of Kosovo (MFK)
FUND ACCOUNTABILITY STATEMENT FROM SEPTEMBER 12, 2017 TO SEPTEMBER 30, 2019
(Amounts expressed in United States Dollars - USD)

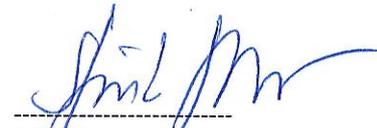
Fund Accountability Statement (in USD)

MILLENIUM FOUNDATION OF KOSOVO
THRESHOLD FUND ACCOUNTABILITY STATEMENT
September 12, 2017 to September 30, 2019
Amounts expressed in United States Dollars - USD

	THRESHOLD				Questioned Cost		NOTES
	BUDGET	PRIOR PERIOD	CURRENT PERIOD	CUMULATIVE	INELIGIBLE	UNSUPPORTED	
REVENUE	49,000,000	-	2,619,182	2,619,182			4
COSTS INCURRED							
1. Energy Sector Project	34,000,000	-	446,266	446,266	-	-	
1.1 Energy Efficiency Activity - 0489	20,700,000	-	444,128	444,128	-	-	5
1.2 District Heating Metering Activity - 0490	10,900,000	-	803	803	-	-	6
1.3 IPP Project Finance Facilitation Activity - 0432	2,400,000	-	1,335	1,335	-	-	7
2. Governance Project	8,300,000	-	286,792	286,792	-	-	
2.1 Public Access to Judicial Info. Activity - 0491	4,000,000	-	-	-	-	-	
2.2 Environmental Data Collection Activity - 0492	3,000,000	-	19,634	19,634	-	-	8
2.3 Open Data Activity - 0493	1,300,000	-	267,158	267,158	-	-	9
3. M&E (MON & EVAL)	1,700,000	-	12,229	12,229	-	-	
Monitoring and Evaluation - 0016	1,700,000	-	12,229	12,229	-	-	10
4. Program Admin (PGM ADMIN)	5,000,000	-	1,724,142	1,724,142	-	-	
Program Administration - 0017	4,370,000	-	1,580,350	1,580,350	-	-	11
Fiscal Management - 0131	430,000	-	125,000	125,000	-	-	12
Procurement Management - 0021	100,000	-	18,792	18,792	-	-	13
Financial Audit - 0031	100,000	-	-	-	-	-	
TOTAL COSTS INCURRED	49,000,000	-	2,469,430	2,469,430			
Excess of Revenue Over Costs Incurred	-		149,752	149,752			
Fund Balance September 17, 2017	-		-	-			
Fund Balance September 30, 2019	-		149,752	149,752			3

The attached Notes 1 to 14 form an integral part of this Threshold Fund Accountability Statement


Mr. Petrit Selimi
Executive Director


Anila Statovci - Demaj
Director of Admin and Finance

Prishtina,
13 March 2020

Millennium Foundation of Kosovo (MFK)

NOTES TO THE THRESHOLD FUND ACCOUNTABILITY STATEMENT FROM SEPTEMBER 12, 2017 TO SEPTEMBER 30, 2019

(Amounts expressed in United States Dollars - USD)

Notes to Fund Accountability Statement

1. General

The United States of America, acting through the Millennium Challenge Corporation (“MCC”) and the Government of **Kosovo** (the “Government” or “GoK”) have entered into a Millennium Challenge Threshold program agreement on September 12, 2017, for Millennium Challenge Account assistance to help facilitate poverty reduction through economic growth in **Kosovo** (the “Threshold program agreement”) in the amount of approximately **49 million** USD (“MCC Funding”).

MCC has authorized a program to provide assistance under Section 818 of the Millennium Challenge Act of 2003, as amended, to selected candidate counties that have demonstrated a commitment to strengthening good governance, economic freedom and investment in people in order to assist such counties to become eligible for a Millennium Challenge Compact (the Threshold Program)

MCC has selected Kosovo as eligible for the Threshold Program, and the Parties wish to implement the program described herein to achieve the goals and objectives described herein.

Goals and Objectives

Program Goal of this Agreement is to assist Kosovo in become eligible for a Millennium Challenge Compact by supporting the implantation of critical institutional and policy reforms that address binding constraints to economic growth in Kosovo. MCC’s assistance will be provided in a manner that strengthens good governance, economic freedom and investments in the people of Kosovo.

Project Objectives of this Agreement consists are the following:

Reliable Energy Landscape Project: Demand for electricity significantly surpasses supply in Kosovo, and the country struggles with the reliability of its energy supply. This project encourages greater household energy efficiency and facilitates the switch to non-electric sources of heating through a pilot activity. MCC’s investments also work to bolster private-sector participation in the power sector by exploring barriers to finance for independent power producers, and create opportunities for women to participate in the energy sector through both employment and entrepreneurship.

Transparent and Accountable Governance Project: Government decision-making is often opaque, leading to distrust by the private sector and civil society, and high perceptions of corruption. Kosovo’s judiciary is one the country’s least trusted institutions. This project supports the implementation of a case management information system to make judicial information publicly available, and improvements to the collection and reporting of environmental data to the public. An open innovation competition will let the government pose their challenges to civil society and private sector stakeholders to propose creative, data-grounded solutions, which can be a model for more productive partnerships between government and civil society.

Millennium Foundation of Kosovo (MFK)

NOTES TO THE THRESHOLD FUND ACCOUNTABILITY STATEMENT FROM SEPTEMBER 12, 2017 TO SEPTEMBER 30, 2019

(Amounts expressed in United States Dollars - USD)

2. Accounting policies

2.1. Basis of preparation

Threshold Fund Accountability Statement (FAS) was prepared in accordance with the modified cash basis method of accounting.

Under modified cash basis method of accounting, revenue is not recorded until received and expenses are assigned to the period in which a cash payment is made. In addition are prepare supplemental schedules listing the following:

- Accrued Expenses and
- Accounts Payable

2.2. Acquisitions of equipment

Acquisitions of equipment and materials are recognized as expenditures when paid, and not as depreciable tangible fixed assets.

2.3. Reporting currency

MFK keeps its books of accounts in both currencies United States Dollars (USD) and European Currency (EUR). The reporting currency is in United States Dollars (USD).

2.4. Interests

Local bank as per agreement with MFK offered all its services to MFK without fee, however in turn MFK does not earn any interest for funds kept in its bank account. Therefore, there are no interests that have to be deposited to MFK's local bank account, and subsequently no interest transferred to MCC account.

2.5. Foreign exchange transactions

The Threshold FAS is expressed in United States Dollars (USD), the reporting currency.

All payments denominated in Euro, the local currency, are converted into dollars using the weighted average of the actual exchange rates at which disbursements were received into the Permitted Account. New exchange rates are stored and used for all upcoming payments (Re-Disbursements) until the next receipt into the Permitted Account.

2.6. Tax exemption

In accordance with the Agreement "Unless the Parties specifically agree otherwise in writing, the Government shall ensure that all MCC Funding is free from the payment or imposition of any existing or future taxes, duties, levies, contributions or other similar charges (but not fees or charges for services that are generally applicable in Kosovo, reasonable in amount and imposed on a nondiscriminatory basis) ("Taxes") of or in Kosovo (including any such Taxes imposed by a national, regional, local or other governmental or taxing authority of or in Kosovo)."

Millennium Foundation of Kosovo (MFK)

NOTES TO THE THRESHOLD FUND ACCOUNTABILITY STATEMENT FROM SEPTEMBER 12, 2017 TO SEPTEMBER 30, 2019

(Amounts expressed in United States Dollars - USD)

2.7. Accrued expenses

An accrual expense is any received invoice related to work completed and approved by MFK during the current audit period but paid in the following audit period. This kind of expense are only disclosed in the Notes to Threshold FAS.

3. Bank Accounts and Bank Balances

	30 Sep '19 (in USD)
Permitted Acc./USD	100,000
Permitted Acc./EUR	49,752
Total Bank Balances	149,752

4. Cash received during the year

	Sep '17-Sep '19 (in USD)
MCC CPS Disbursements - prepayment to permitted account	1,040,000
MCC CPS non-US Bank	1,424,150
MCC CPS US Bank	155,032
Total disbursements from MCC	2,619,182

5. Energy Efficiency Activity

	Sep '17-Sep '19 (in USD)
Internship Program - Consultant	12,516
Scholarships	145,457
WiSci camp	49,086
Advertisement, Outreach	208,364
Travel	25,203
Evaluation Pannel	3,503
Total Energy Efficiency Activity	444,128

6. District heating metering activity

	Sep '17-Sep '19 (in USD)
Advertisement, Outreach	803
Total District Heating Metering Activity	803

Millennium Foundation of Kosovo (MFK)**NOTES TO THE THRESHOLD FUND ACCOUNTABILITY STATEMENT FROM SEPTEMBER 12, 2017 TO SEPTEMBER 30, 2019**

(Amounts expressed in United States Dollars - USD)

7. IPP Project Finance

	Sep '17-Sep '19 (in USD)
Advertisement, Outreach	1,335
Total IPP Project Finance	1,335

8. Environmental Data Collection Activity

	Sep '17-Sep '19 (in USD)
Air Quality Monitoring Stations	19,313
Project management, air quality information management	320
Total Environmental Data Collection Activity	19,634

9. Open Data Activity

	Sep '17-Sep '19 (in USD)
Advertisement, Outreach	116,248
Open Data AQ – Jury	2,729
Dig Data Grant Awards	111,555
Consultancy (Open Data Training)	24,000
Consultant-Grant Specialist	9,503
Travel	3,124
Total Open Data Activity	267,158

10. Monitoring and Evaluation

	Sep '17-Sep '19 (in USD)
Monitoring and Evaluation consultant	12,229
Total Monitoring and Evaluation	12,229

Millennium Foundation of Kosovo (MFK)

NOTES TO THE THRESHOLD FUND ACCOUNTABILITY STATEMENT FROM SEPTEMBER 12, 2017 TO SEPTEMBER 30, 2019

(Amounts expressed in United States Dollars - USD)

11. Program Administration

	Sep '17-Sep '19 (in USD)
Personnel Expenses	760,013
Office Expenses	39,924
Travel Expenses	35,323
Vehicle Expenses	8,992
Advertisement, Outreach and Communications	76,238
Office Equipment, Furniture, Vehicles and Capital expenses	570,618
Consultants & Professional Fees	81,476
Training and Capacity Building	6,438
Miscs. Expenses / Contingencies	1,329
Total Program Administration	1,580,350

12. Fiscal Management

	Sep '17-Sep '19 (in USD)
Fiscal Agent	125,000
Total Fiscal Management	125,000

13. Procurement Management

	Sep '17-Sep '19 (in USD)
Procurement Consultant	18,792
Total Procurement Management	18,792

Millennium Foundation of Kosovo (MFK)

**NOTES TO THE THRESHOLD FUND ACCOUNTABILITY STATEMENT FROM SEPTEMBER 12, 2017 TO
SEPTEMBER 30, 2019**

(Amounts expressed in United States Dollars - USD)

14. Unpaid bills

As of September 30, 2019, there were two unpaid expenses treated as Accounts Payable as presented in table below:

	Sep '17-Sep '19 (in USD)
Outreach and Communication	23,214
Total unpaid bills	23,214

Both these bills were paid on 8th October 2019.



Independent Auditors' Report on Internal Control

Board of Directors
Millennium Foundation of Kosovo (MFK)
Str. Migjeni 21 (9th floor of the former Ljubljana Bank Building)
Prishtina 10000, Republic of Kosovo

We have audited the Fund Accountability Statement of the Threshold program agreement implemented by Millennium Foundation of Kosovo (MFK), financed under Millennium Challenge Corporation ("MCC"), for the period from September 12, 2017 through September 30, 2019.

Except as discussed in the following paragraphs, we conducted our audit in accordance with U.S. Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Fund Accountability Statement is free of material misstatement.

We do not have a continuing education program that fully satisfies the requirement set forth in Chapter 3, paragraph 3.76 of U.S. Government Auditing Standards. Although, our current program provides for at least 24 (twenty-four) hours of continuing education and training every year, we are not complying with the 24 hours of U.S. Government related CPEs. Accordingly, we are taking appropriate steps to implement a continuing education program that fully satisfies the requirement.

We did not have an external quality control review by an unaffiliated audit organization as required by Chapter 3, paragraphs 3.82 and 3.96 of U.S. Government Auditing Standards, since no such program is offered by professional organizations in the Republic of Kosovo.

The management of Millennium Challenge Corporation (MCC) is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of internal controls are to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition; transactions are executed in accordance with management's authorization and in accordance with the terms of the agreements; and transactions are recorded properly to permit the preparation of the Fund Accountability Statement in conformity with the basis of accounting described in Note 2 to the Fund Accountability Statement. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projection of any evaluation of structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the Fund Accountability Statement of Millennium Foundation of Kosovo (MFK) for the period from September 12, 2017 through September 30, 2019, in accordance with U.S. Government Auditing Standards, we considered the Millennium Foundation of Kosovo (MFK) internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on Fund Accountability Statement, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.



Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's fund accountability statement will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended for the information of Millennium Foundation of Kosovo (MFK) Board of Directors and the Millennium Challenge Corporation (MCC). However, upon release by MCC, this report is a matter of public record and its distribution is not limited.

Audit & Consulting Associates

ACA – Audit & Consulting Associates
Prishtina, Kosovo
March 13, 2020





Independent Auditors' Report on Compliance

Board of Directors
Millennium Foundation of Kosovo (MFK)
Str. Migjeni 21 (9th floor of the former Ljubljana Bank Building)
Prishtina 10000, Republic of Kosovo

We have audited the Fund Accountability Statement of the Threshold program agreement implemented by Millennium Foundation of Kosovo (MFK), financed under Millennium Challenge Corporation ("MCC"), for the period from September 12, 2017 through September 30, 2019

Except as discussed in the following paragraphs, we conducted our audit in accordance with U.S. Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Fund Accountability Statement is free of material misstatement resulting from violations of agreement terms and laws and regulations that have a direct and material effect on the determination of the fund accountability statement amounts.

We do not have a continuing education program that fully satisfies the requirement set forth in Chapter 3, paragraph 3.76 of U.S. Government Auditing Standards. Although, our current program provides for at least 24 (twenty-four) hours of continuing education and training every year, we are not complying with the 24 hours of U.S. Government related CPEs. Accordingly, we are taking appropriate steps to implement a continuing education program that fully satisfies the requirement.

We did not have an external quality control review by an unaffiliated audit organization as required by Chapter 3, paragraphs 3.82 and 3.96 of U.S. Government Auditing Standards, since no such program is offered by professional organizations in the Republic of Kosovo.

Compliance with agreement terms and laws and regulations applicable to Millennium Foundation of Kosovo (MFK) is the responsibility of Millennium Foundation of Kosovo (MFK) management. As part of obtaining reasonable assurance about whether the Fund Accountability Statement is free of material misstatement, we performed tests of Millennium Foundation of Kosovo (MFK) compliance with certain provisions of agreement terms and laws and regulations.

The results of our tests disclosed no instances of noncompliance that are required to be reported here under U.S. Government Auditing Standards.

This report is intended for the information of Millennium Foundation of Kosovo (MFK) Board of Directors and the Millennium Challenge Corporation (MCC). However, upon release by MCC, this report is a matter of public record and its distribution is not limited.

Audit & Consulting Associates

ACA – Audit & Consulting Associates
Prishtina, Kosovo
March 13, 2020

