



Institute for Development Policy - INDEP

Independent Auditor's Report and financial statements
for the year ended December 31, 2014

Institute for Development Policy - INDEP

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INDEPENDENT AUDITORS' REPORT

To the management of Institute for Development Policy - INDEP

We have audited the accompanying financial statements of Institute for Development Policy - INDEP, which comprise the balance sheet as at December 31, 2014, and the statement of revenue and expenditure, statement of changes in net assets and cash flow statement for the year then ended, and other explanatory notes.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Kosovo Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 the auditor's 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, the auditor considers 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Institute for Development Policy - INDEP as of December 31, 2014 and the results of its operation for the year then ended in conformity with accounting principals generally accepted in Kosovo.


ACA – Audit & Consulting Associates
Prishtina, Kosova
March, 2015

The signature is written in blue ink and is partially obscured by a blue circular stamp. The stamp contains the text 'ACA Audit & Consulting Associates' around the perimeter and 'PRISHTINE' at the bottom. The 'ACA' logo is also visible within the stamp.

Institute for Development Policy - INDEP

Balance Sheet

For the year ended December 31, 2014

	December 31, 2014 (in EUR)	December 31, 2013 (in EUR)
ASSETS		
Non-current assets		
Property and equipment	-	-
Total non-current assets	-	-
Current assets		
Accounts Receivable	3 4,808	15,196
Advance payment to partner organization for EU project	4a -	35,354
Advance payment	4b 900	-
Cash and bank balances	5 361,551	68,213
Total current assets	367,259	118,763
TOTAL ASSETS	367,259	118,763
LIABILITIES AND RESERVES		
Current liabilities		
Accounts payable and accrued expenses	6 -	1,300
Deferred Revenue	7 367,259	117,463
Total current liabilities	367,259	118,763
Reserves		
Retained surplus	-	-
Net (deficit)/surplus for the year	-	-
Total reserves	-	-
TOTAL LIABILITIES AND RESERVES	367,259	118,763

The financial statements have been signed on March 19, 2015 by:

Burim Ejupi

Executive Director - INDEP

The accompanying notes from 1 to 17 form an integral part of these financial statements

Institute for Development Policy - INDEP
Statement of Revenue and Expenditures
For the year ended December 31, 2014

		Year ended December 31, 2014 (in EUR)	Year ended December 31, 2013 (in EUR)
Income			
Grant Incomes	8	241,313	164,132
Total income		<u>241,313</u>	<u>164,132</u>
Expenditure			
Staff salaries and benefits	9	68,750	39,233
Advocacy	10	20,137	41,404
Research	11	52,923	51,078
Translation, editing		6,995	8,698
Printing		2,575	148
Communication (phone, internet)	12	5,432	2,217
Representation		6,393	3,249
Office supplies		4,449	3,418
Utilities		1,504	1,444
Equipment and furniture		3,769	731
Fellowship, Internship		3,439	-
Travel expenses		9,535	3,016
Accommodation		2,036	-
Legal review		11,030	-
Rent		5,934	6,069
Web site design, maintenance		2,710	-
EE Capacity Building for NGO's	13	1,500	-
Audit fee		1,000	2,220
Partner Organization expenses	14	25,958	-
Returned amount to donator	15	2,896	-
Other expenses		1,421	719
Bank charges		927	488
Total expenditure		<u>241,313</u>	<u>164,132</u>
Net (Deficit)/surplus for the year		<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes from 1 to 17 form an integral part of these financial statements

Institute for Development Policy - INDEP
Statement of Changes in Net Assets
For the year ended December 31, 2014

Opening balance as at December 31, 2012	-	-
Net deficit/surplus for the year ended December 31, 2013	<u>-</u>	<u>-</u>
Balance as at December 31, 2013	-	-
Net deficit/surplus for the year ended December 31, 2014	-	-
Balance as at December 31, 2014	<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes from 1 to 17 form an integral part of these financial statements

Institute for Development Policy - INDEP
Statement of Changes in Cash Flows – Indirect Method
For the year ended December 31, 2014

	Year ended December 31, 2014 (in EUR)	Year ended December 31, 2013 (in EUR)
Cash flows from operating activities		
(Deficit)/surplus for the period	-	-
Adjustment for:		
Depreciation	-	-
Change in receivables	10,388	(15,196)
Change in advance payment	34,454	(35,354)
Change in payables	(1,300)	1,300
Change in other current liabilities	249,796	66,594
Net cash from operating activities	293,338	17,344
Cash flows from investing activities		
Acquisition of property and equipment	-	-
Net cash used in investing activities	-	-
Net increase in cash and cash equivalents	293,338	17,344
Cash and cash equivalents at 1 January	68,213	50,869
Cash and cash equivalents at 31 December	361,551	68,213

The accompanying notes from 1 to 17 form an integral part of these financial statements.

Institute for Development Policy - INDEP

Notes to the Financial Statements

For the year ended December 31, 2014

1. INTRODUCTION

The Institute for Development Policy (INDEP) is a think tank and an advocacy centre that provides independent research-based policy solutions. Established in 2011 as an association of policy analysts, researchers and civil society activists, INDEP looks at regional policies, aiming to guide countries of South-East Europe on their path to Euro-Atlantic integration. In Kosovo, where it is based, the institute has a special focus on strengthening democratic governance and plays the role of public policy watchdog.

Principles:

The work of INDEP is guided by the fundamental principles of transparency and accountability. The institute promotes active citizenship and participation in governance, as well as checks and balances between democratically elected institutions

Vision: A democratic society, able and willing to run a functional state, integrated in the region and international community.

Mission: To strengthen and guide sustainable socio-political and economic development based on the principles of democracy and democratic values.

INDEP organizes its work in three different programmes, each of which includes their own domains of operation:

- Democratic Governance
- Sustainable Development
- Regional cooperation

Institute for Development Policy - INDEP
Notes to the Financial Statements
For the year ended December 31, 2014

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Attached Financial Statements are prepared for reporting purposes in accordance with applicable laws of Kosovo, and represent the entire picture of economic events that occurred in INDEP during 2014.

2.2 Currency of presentation

Reporting of occurred transactions of Institute for Development Policy - INDEP for this period is done in EUROS ("EUR"), thus Financial Statements are prepared in EUROS as well, which is the official currency used in Kosovo since January 2002. INDEP has two bank accounts, in Pro Credit Bank which operate in EUR currency.

For the purpose of the statement of cash flows, cash and cash equivalents are considered to be cash on hand and at banks and in operating accounts at banks with an original maturity of three months or less.

2.3.1 Property and equipment

Property and equipment are stated at cost, or fair value for purchased or donated assets, less accumulated depreciation and provision for impairment where required. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount and the difference is charged to the statement of revenue and expenditure. The estimated recoverable amount is the higher of an asset's net selling price and its value-in-use.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The cost or fair value of purchased or donated property and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to their present location and condition necessary for their intended use.

Depreciation is provided on a straight-line basis calculated to write off the recorded cost or fair value of property and equipment over their estimated useful lives.

Institute for Development Policy - INDEP
Notes to the Financial Statements
For the year ended December 31, 2014

3. ACCOUNTS RECEIVABLE

Accounts Receivable represents monetary amounts that organization is expected to receive in the incoming period. Amount with British Embassy is payment which is received from INDEP in January 2015 as part of ongoing project, the partner organization in EC project NGO Lens has already expended 25,597.78, since the organization has returned 9,000 euro it is expected to return the remained unexpended amount. NGO Lens as partner organization has received the amount of 35,354 from INDEP in the previous year.

	December 31, 2014 (in EUR)	December 31, 2013 (in EUR)
British Embassy 2013/2014	-	4,039
British Embassy 2014/2015	4,412	-
Partner Organization	396	-
US Embassy	-	6,817
Overhead (FIQ/OSCE/UNDP)	-	4,340
Total Receivables	<u>4,808</u>	<u>15,196</u>

4. ADVANCE PAYMENTS

INDEP has prepaid office rent for January 2015 and February 2015.

	December 31, 2014 (in EUR)	December 31, 2013 (in EUR)
4a Advance payment to partner organization for EU project	-	35,354
4b Rent 2 month prepayment	900	-
Total Advance Payments	<u>900</u>	<u>35,354</u>

Institute for Development Policy - INDEP
Notes to the Financial Statements
For the year ended December 31, 2014

5. CASH AND BANK BALANCES

Cash and cash equivalents as of December 31, 2014 are composed as follows:

	December 31, 2014 (in EUR)	December 31, 2013 (in EUR)
Cash in hand	12	13
Cash bank account - main account	75,488	68,200
Cash bank account - NED project	7,583	-
Cash bank account - EC-TEMPUS project	6,104	-
Cash bank account - EC-EURED project	254,730	-
Cash bank account - British Embassy project	17,636	-
Total Cash and Bank Balances	361,551	68,213

Organization has five open bank accounts in Pro Credit Bank. Cash inflows from the British Embassy project, NED project, EC-TEMPUS project and EC-EURED project are received through subaccount.

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of December 31, 2014 INDEP has no payable accounts open toward vendors or employees.

	December 31, 2014 (in EUR)	December 31, 2013 (in EUR)
Accounts payable	-	1,300
Accrued expenses	-	-
Total Accounts payable and accrued expenses	-	1,300

Institute for Development Policy - INDEP
Notes to the Financial Statements
For the year ended December 31, 2014

7. DEFERRED REVENUES

	December 31, 2014 (in EUR)	December 31, 2013 (in EUR)
RBF - 2013/2015 Project	19,543	20,635
RBF - Global Fund	-	2,730
British Embassy 2012/2013	-	2
British Embassy 2013/2014	1	135
British Embassy 2014/2015	133	-
Embassy of the Kingdom of the Netherlands	9,975	-
NED	7,582	-
UNDP	6,454	-
EC - CSF	53,523	82,733
EC - EURED	255,252	-
EC - TEMPUS	6,133	-
EMinS	-	4,762
Kosovo 2.0/FPU	2,107	182
US Embassy	(1)	5,496
Overhead (GIZ, FIQ, FES, Save the Children)	6,557	-
Overhead (FIQ/OSCE/UNDP)	-	788
Total Deferred Revenue	367,259	117,463

Institute for Development Policy - INDEP
Notes to the Financial Statements
For the year ended December 31, 2014

8. INCOME

Organization has received revenues from various donors.

	December 31, 2014 (in EUR)	December 31, 2013 (in EUR)
RBF - Institutional grant	-	272
RBF - 2013/2015 Project	76,973	53,778
RBF - Global Fund	2,730	22,401
British Embassy 2012/2013	2	20,292
British Embassy 2013/2014	15,035	35,350
British Embassy 2014/2015	39,026	-
Embassy of the Kingdom of the Netherlands	9,975	7,511
BIC	-	6,459
Saferworld	-	2,810
NED	24,835	-
EMinS	4,762	6,930
US Embassy	5,496	13,977
UNDP	10,290	-
Kosovo 2.0/FPU	5,182	2,527
EC - CSF	127,849	85,384
EC - EURED	260,813	-
EC - TEMPUS	10,857	-
Overhead (GIZ, FIQ, FES, Save the Children)	13,960	-
Overhead (FIQ/OSCE/UNDP)	788	23,904
Total grant revenues	608,572	281,595
Deferred revenues	(367,259)	(117,463)
Total grant incomes	241,313	164,132

Institute for Development Policy - INDEP
Notes to the Financial Statements
For the year ended December 31, 2014

9. SALARIES AND BENEFITS

Salaries and Benefits per donor for year 2014 are composed as follows:

	December 31, 2014 (in EUR)	December 31, 2013 (in EUR)
RBF - 2013/2015 Project	20,552	14,748
British Embassy 2012/2013	-	2,929
British Embassy 2013/2014	3,358	7,915
British Embassy 2014/2015	3,387	-
Embassy of the Kingdom of the Netherlands	-	3,192
NED	8,414	-
EMinS	2,275	800
UNDP	449	-
EC - CSF	26,637	2,219
EC - EURED	2,024	-
EC - TEMPUS	887	-
US Embassy	767	3,478
Overhead (FIQ/OSCE/UNDP)	-	3,952
Total salaries and benefits	68,750	39,233

Institute for Development Policy - INDEP
Notes to the Financial Statements
For the year ended December 31, 2014

10. ADVOCACY COSTS

Advocacy Costs by donor for the year ended 2014 are composed as follows:

	December 31, 2014 (in EUR)	December 31, 2013 (in EUR)
RBF - 2013/2015 Project	3,215	2,452
RBF - Global Fund	-	11,374
British Embassy 2012/2013	-	4,905
British Embassy 2013/2014	3,840	9,387
British Embassy 2014/2015	2,032	-
Embassy of the Kingdom of the Netherlands	-	1,994
Kosovo 2.0/FPU	-	128
EC - CSF	10,000	-
BIC	-	6,396
UNDP	1,050	-
EMinS	-	1,216
US Embassy	-	1,747
Overhead (FIQ/OSCE/UNDP)	-	1,804.25
Total Advocacy Costs	20,137	41,404

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Notes to the Financial Statements
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11. RESEARCH COSTS

Research Costs per donor for the year 2014 are composed as shown below.

	December 31, 2014 (in EUR)	December 31, 2013 (in EUR)
RBF - 2013/2015 Project	18,482	7,996
RBF - Global Fund	-	4,912
British Embassy 2012/2013	-	6,422
British Embassy 2013/2014	3,748	13,241
British Embassy 2014/2015	18,652	-
Kosovo 2.0/FPU	1,743	1,600
EC - CSF	4,224	-
Saferworld	-	1,000
US Embassy	574	1,431
Overhead (GIZ/FES/Save the Children)	5,500	14,478
Total Research Costs	<u>52,923</u>	<u>51,078</u>

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Notes to the Financial Statements
For the year ended December 31, 2014

12. COMMUNICATION COSTS

Communication costs are expenses about telephone land line, mobile phone of employers involved in projects and internet expenses which are covered from donors in 2014 as are shown below.

	December 31, 2014 (in EUR)	December 31, 2013 (in EUR)
RBF - 2013/2015 Project	1,074	384
British Embassy 2012/2013	-	572
British Embassy 2013/2014	2,596	961
British Embassy 2014/2015	999	-
US Embassy	80	133
NED	350	-
EC - CSF	333	-
Embassy of the Kingdom of the Netherlands	-	168
Total Communication Costs	<u>5,432</u>	<u>2,217</u>

13. CAPACITY BUILDING FOR NGO'S

As part of project "Support for Low Emission Development in Kosovo" supported by UNDP for Electricity Efficiency capacity building were elected 3 local NGO-s. First installments for those NGO-s were transferred during December 2014.

	December 31, 2014 (in EUR)	December 31, 2013 (in EUR)
NGO Drena - Drenas Municipality	500	-
NGO IZHL - Fushe Kosove Municipality	500	-
NGO IAZHL - Obiliq Municipality	500	-
Total EE Capacity Building for NGO's	<u>1,500</u>	<u>-</u>

Institute for Development Policy - INDEP
Notes to the Financial Statements
For the year ended December 31, 2014

14. PARTNER ORGANIZATION EXPENSES

INDEP with NGO Lens as Partner Organization in the Civil Society Facility for Kosovo - CSF project named as Kosovo e-Participation Platform - KBeP, supported by European Commission are beneficiaries. INDEP in this project is lead partner whereas NGO Lens is as subcontractor. During 2014 expenses made by NGO Lens for the above mentioned project are shown below.

	December 31, 2014 (in EUR)	December 31, 2013 (in EUR)
Project Officer	10,400	-
IT Expert for designing the platform	6,000	-
Local transportation	734	-
Rent	3,000	-
Office supplies	104	-
Phone	30	-
Internet	180	-
Electricity	250	-
Water	10	-
Graphical Design the web platform	1,250	-
Maintenance and upgrade of the Web Platform	4,000	-
Total Partner Organization expenses	<u>25,958</u>	<u>-</u>

15. RETURNED AMOUNT TO DONOR

Remained amounts for US Embassy supported project and European Movement in Serbia (EMINS) supported project were returned to donators.

	December 31, 2014 (in EUR)	December 31, 2013 (in EUR)
Returned to US Embassy on March 26, 2014	2,260	-
Returned to EMINS on September 29, 2014	637	-
Total returned amount to donor	<u>2,896</u>	<u>-</u>

Institute for Development Policy - INDEP
Notes to the Financial Statements
For the year ended December 31, 2014

In the table below are shown expenses by donors for the year ended 2014.

INDEP

Expenses 01 January 2014 - 31 December 2014

Categories	Kosovo 2.0/FPU	UNDP	Rockefeller Brothers Fund 2013-2015 Project	Rockefeller Brothers Fund - Global	NED	US Embassy	British Embassy 2013 - 2014	British Embassy 2014 - 2015	EMinS	EC - EURED	EC - CSF	EC - Tempus	Overhead (GIZ, FES, Save the Children)	Total expenses
Salaries	-	449.26	20,552.43	-	8,414.25	766.52	3,357.71	3,386.60	2,275.42	2,024.31	26,636.64	886.50	-	68,749.64
Advocacy costs	-	1,050.00	3,215.09	-	-	-	3,840.19	2,031.85	-	-	10,000.00	-	-	20,137.13
Research costs	1,743.35	-	18,481.63	-	-	573.75	3,748.40	18,651.78	-	-	4,223.68	-	5,500.00	52,922.59
Translation, editing	499.80	-	648.87	-	3,738.14	731.75	-	-	697.00	-	356.90	-	322.65	6,995.11
Printing	-	-	654.70	-	-	404.68	-	-	525.94	-	990.00	-	-	2,575.32
Representation	-	-	2,234.87	-	-	497.00	-	-	-	-	2,898.45	-	762.67	6,392.99
Equipment purchased	433.10	-	-	-	-	-	-	-	-	3,335.75	-	-	-	3,768.85
Communication costs (phone, internet)	-	-	1,073.66	-	350.06	80.00	2,595.75	999.00	-	-	333.35	-	-	5,431.82
Office supplies and maintenance	312.95	33.00	2,138.93	-	182.60	130.45	162.04	1,006.80	-	-	481.88	-	-	4,448.65
Utilities	73.56	-	379.84	-	196.28	-	-	-	-	-	854.79	-	-	1,504.47
Local travel, transportation	-	52.00	426.05	145.00	417.40	50.90	435.00	883.64	-	-	1,219.95	39.00	6.26	3,675.20
Travel abroad	-	-	-	1,509.00	293.96	-	-	-	600.00	-	-	3,456.62	-	5,859.58
Legal review	-	-	-	-	-	-	296.30	10,733.30	-	-	-	-	-	11,029.60
Accommodation	-	-	-	1,079.06	615.00	-	-	-	-	-	-	342.00	-	2,036.06
Fellowship, Internship	-	-	3,438.75	-	-	-	-	-	-	-	-	-	-	3,438.75
Rent	-	150.00	2,950.00	-	476.00	-	600.00	1,200.00	-	200.00	358.00	-	-	5,934.00
Web site design, maintenance	-	600.00	-	-	2,110.00	-	-	-	-	-	-	-	-	2,710.00
Capacity building for NGO-s	-	1,500.00	-	-	-	-	-	-	-	-	-	-	-	1,500.00
Audit	-	-	1,000.00	-	-	-	-	-	-	-	-	-	-	1,000.00
Returned amount to donator	-	-	-	-	-	2,259.83	-	-	636.58	-	-	-	-	2,896.41
Partner Organization expenses	-	-	-	-	-	-	-	-	-	-	25,957.78	-	-	25,957.78
Other expenses	-	-	82.30	-	347.36	-	-	-	-	-	-	-	991.66	1,421.32
Bank charges	12.00	1.50	149.95	-	112.17	2.00	-	-	27.00	-	14.75	-	608.07	927.44
Total expenses	3,074.76	3,835.76	57,427.07	2,733.06	17,253.22	5,496.88	15,035.39	38,892.97	4,761.94	5,560.06	74,326.17	4,724.12	8,191.31	241,312.71

16. RELATED PARTY DISCLOSURE

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

17. RISK MANAGEMENT

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. INDEP is exposed to credit risk in respect of membership fees receivable from its members.

Interest rate risk

INDEP currently is not exposed to the interest rate risk.

Foreign exchange risk

INDEP is exposed to foreign exchange risk as transactions are undertaken both in local and foreign currency. Management monitors and sets limits on the level of such exposure by currency and in total. INDEP does not speculate in or engage in the trading of derivative financial instruments.

Liquidity risk

Liquidity risk is defined as the risk when the maturity of assets and liabilities does not match. INDEP is committed monitor its liquidity on a periodic basis in order to manage its obligations as and when they shall become due.

Fair value of financial instruments

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.