



Institute for Development Policy - INDEP

Independent Auditor's Report and financial statements
for the year ended December 31, 2013

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, 2013, 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, 2013 and the results of its operation for the year then ended in conformity with accounting principals generally accepted in Kosovo.

Armend Osa, Statutory Auditor
ACA - Audit & Consulting Associates
Prishtina, Kosovo
February, 2014



Institute for Development Policy - INDEP

Balance Sheet

For the year ended December 31, 2013

		December 31, 2013 (in EUR)	December 31, 2012 (in EUR)
ASSETS			
Non-current assets			
Property and equipment		-	-
Total non-current assets		-	-
Current assets			
Accounts Receivable	3	15,196	-
Advance payment to partner organization for EU project	3a	35,354	-
Cash and bank balances	4	68,213	50,868
Total current assets		118,763	50,868
TOTAL ASSETS		118,763	50,868
LIABILITIES AND RESERVES			
Current liabilities			
Accounts payable and accrued expenses	5	1,300	-
Deferred Revenue	6	117,463	50,869
Total current liabilities		118,763	50,869
Reserves			
Retained surplus		-	-
Net (deficit)/surplus for the year		-	-
Total reserves		-	-
TOTAL LIABILITIES AND RESERVES		118,763	50,869

The financial statements have been signed on February 24, 2014 by:

Krenar Gashi

Executive Director - INDEP

Burim Ejupi

Director of Finance - INDEP

The accompanying notes from 1 to 13 form an integral part of these financial statements

Institute for Development Policy - INDEP
Statement of Revenue and expenditures
For the year ended December 31, 2013

		Year ended December 31, 2013 (in EUR)	Year ended December 31, 2012 (in EUR)
	Notes		
Income			
Grant Incomes	7	164,132	174,071
Total income		164,132	174,071
Expenditure			
Staff salaries and benefits	8	39,233	72,874
Advocacy	9	41,404	14,025
Research	10	51,078	55,602
Translation, editing		8,698	4,611
Printing		148	651
Communication (phone, internet)	11	2,217	3,278
Representation		3,249	2,692
Office supplies		3,418	3,196
Utilities		1,444	1,047
Equipment and furniture		731	2,725
Travel expenses		3,016	2,955
Rent		6,069	6,134
Audit fee		2,220	1,300
Other expenses		719	2,879
Bank charges		488	102
Total expenditure		164,132	174,071
Net (Deficit)/surplus for the year		0	0

The accompanying notes from 1 to 13 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, 2013

Balance as of January 01, 2012	-
Surplus/deficit of the year 2012	-
Balance as of December 31, 2012	<u>-</u>
Surplus/deficit of the year 2013	-
Balance as of December 31, 2013	<u>-</u>

The accompanying notes from 1 to 13 form an integral part of these financial statements.

Institute for Development Policy - INDEP

Statement of Cash Flows

For the year ended December 31, 2013

	Year ended December 31, 2013 (in EUR)	Year ended December 31, 2012 (in EUR)
Cash flows from operating activities		
(Deficit)/surplus for the period	-	-
Adjustment for:		
Depreciation	-	-
Change in receivables	(15,196)	-
Change in advance payment	(35,354)	-
Change in payables	1,300	(2,061)
Change in other current liabilities	66,594	(52,486)
Net cash from operating activities	17,344	(54,547)
Cash flows from investing activities		
Acquisition of property and equipment	-	-
Net cash used in investing activities	-	-
Net increase in cash and cash equivalents	17,344	(54,547)
Cash and cash equivalents at 1 January	50,869	105,416
Cash and cash equivalents at 31 December	68,213	50,869

The accompanying notes from 1 to 13 form an integral part of these financial statements.

Institute for Development Policy - INDEP

Notes to the Financial Statements

For the year ended December 31, 2013

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, 2013

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 2013.

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, 2013

3. ACCOUNTS RECEIVABLE

Accounts Receivable represents monetary amounts that organization is expected to receive in the incoming period. Amounts are negotiated in the contracts that INDEP has with below stated organizations.

	December 31, 2013 (in EUR)	December 31, 2012 (in EUR)
British Embassy 2013/2014	4,039	-
US Embassy	6,817	-
Overhead (FIQ/OSCE/UNDP)	4,340	-
Total Receivables	15,196	-

3a. ADVANCE PAYMENT TO PARTNER ORGANIZATION

Since INDEP from December 2013 started a new project in partnership with LENS organization which is covered from EU Commission funds as part of agreement is that funds for both partners must go through and reported through INDEP. In that occasion the amount of 35,353.97 was reimbursed in INDEP accounts and then transferred to LENS accounts.

4. CASH AND BANK BALANCES

Cash and cash equivalents as of December 31, 2013 are composed as follows:

	December 31, 2013 (in EUR)	December 31, 2012 (in EUR)
Cash in hand	13	1,010
Cash bank account - main account	68,200	26,480
Cash bank account - subaccount	-	23,378
Total Cash and Bank Balances	68,213	50,868

Organization has two open bank accounts in Pro Credit Bank. Cash inflows from the British Embassy project are received through subaccount.

Institute for Development Policy - INDEP
Notes to the Financial Statements
For the year ended December 31, 2013

5. ACCOUNTS PAYABLE

	December 31, 2013 (in EUR)	December 31, 2012 (in EUR)
Accounts payable	1,300	-
Accrued expenses	-	-
Total Accounts payable and accrued expenses	1,300	-

Accounts Payable are the liabilities which will be paid in forthcoming year 2014. In this case the amount corresponds to audit expenses which are aroused from this engagement. 1,000 euro are covered from Rockefeller Brother Fund 2013 – 2015 project and 300 from US Embassy funds.

6. DEFERRED REVENUES

As deferred revenues which will be encountered as Income in year 2014 are revenues from Rockefeller Brothers Fund, Implementation of the Grant from EU Commission. Under the “Other Deferred Revenues” are encountered amounts of projects that incurred more expenses than has incurred incomes. Those amounts are expected to be covered in the future from INDEP funds.

	December 31, 2013 (in EUR)	December 31, 2012 (in EUR)
RBF - Institutional grant	-	272
RBF - 2013/2015 Project	20,635	-
RBF - Global Fund	2,730	22,401
British Embassy 2012/2013	2	20,292
British Embassy 2013/2014	135	-
Embassy of the Kingdom of the Netherlands	-	6,943
EU Commission	82,733	-
EMinS	4,762	-
AGPK/FPU	-	183
Kosovo 2.0/FPU	182	-
US Embassy	5,496	-
Overhead (FES, FIQ)	-	777
Overhead (FIQ/OSCE/UNDP)	788	-
Total Deferred Revenue	117,463	50,869

Institute for Development Policy - INDEP
Notes to the Financial Statements
For the year ended December 31, 2013

7. INCOME

Organization has received Income from various donors.

	December 31, 2013 (in EUR)	December 31, 2012 (in EUR)
RBF - Institutional grant	272	103,064
RBF - 2013/2015 Project	53,778	-
RBF - Global Fund	22,401	17,605
British Embassy 2012/2013	20,292	41,045
British Embassy 2013/2014	35,350	-
Embassy of the Kingdom of the Netherlands	7,511	4,631
BIC	6,459	-
Saferworld	2,810	-
EMinS	6,930	-
US Embassy	13,977	-
AGPK/FPU	-	3,281
Kosovo 2.0/FPU	2,527	-
EU Commission	85,384	-
Overhead (FIQ/OSCE/UNDP)	23,904	-
Overhead (FES, FIQ)	-	4,444
Deferred revenues	(117,463)	-
Total grant incomes	164,132	174,071

Institute for Development Policy - INDEP
Notes to the Financial Statements
For the year ended December 31, 2013

8. SALARIES AND BENEFITS

Salaries and Benefits per donor for year 2013 are composed as follows:

	December 31, 2013 (in EUR)	December 31, 2012 (in EUR)
RBF - Institutional grant	-	50,370
RBF - 2013/2015 Project	14,748	-
British Embassy 2012/2013	2,929	19,258
British Embassy 2013/2014	7,915	-
Embassy of the Kingdom of the Netherlands	3,192	3,095
EMinS	800	-
EU Commission	2,219	-
US Embassy	3,478	-
Overhead (FES, FIQ)	-	151
Overhead (FIQ/OSCE/UNDP)	3,952	-
Total salaries and benefits	39,233	72,874

9. ADVOCACY COSTS

Advocacy Costs by donor for the year ended 2013 are composed as follows:

	December 31, 2013 (in EUR)	December 31, 2012 (in EUR)
RBF - Institutional grant	-	11,771
RBF - 2013/2015 Project	2,452	-
RBF - Global Fund	11,374	2,254
British Embassy 2012/2013	4,905	-
British Embassy 2013/2014	9,387	-
Embassy of the Kingdom of the Netherlands	1,994	-
Kosovo 2.0/FPU	128	-
BIC	6,396	-
EMinS	1,216	-
US Embassy	1,747	-
Overhead (FIQ/OSCE/UNDP)	1,804.25	-
Total Advocacy Costs	41,404	14,025

Institute for Development Policy - INDEP
Notes to the Financial Statements
For the year ended December 31, 2013

10. RESEARCH COSTS

Research Costs per donor for the year 2013 are composed as shown below.

	December 31, 2013 (in EUR)	December 31, 2012 (in EUR)
RBF - Institutional grant	-	23,842
RBF - 2013/2015 Project	7,996	-
RBF - Global Fund	4,912	-
British Embassy 2012/2013	6,422	15,470
British Embassy 2013/2014	13,241	-
Kosovo 2.0/FPU	1,600	1,800
Saferworld	1,000	-
US Embassy	1,431	-
Overhead (FIQ/OSCE/UNDP)	14,478	14,490
Total Research Costs	51,078	55,602

11. 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 2013 as are shown below.

	December 31, 2013 (in EUR)	December 31, 2012 (in EUR)
RBF - Institutional grant	-	1,744
RBF - 2013/2015 Project	384	-
British Embassy 2012/2013	572	1,435
British Embassy 2013/2014	961	-
US Embassy	133	-
Embassy of the Kingdom of the Netherlands	168	100
Total Communication Costs	2,217	3,278

Institute for Development Policy - INDEP
Notes to the Financial Statements
For the year ended December 31, 2013

In the table below are shown expenses by donors for the year ended 2013.

INDEP														
Expenses 01 January 2013 - 31 December 2013														
Categories	Kosovo 2.0/FPU	Rockefeller Brothers Fund - Institutional grant 2012	Rockefeller Brothers Fund 2013-2015 Project	Rockefeller Brothers Fund - Global	Saferworld	Embassy of the Kingdom of the Netherlands	British Embassy 2012 - 2013	British Embassy 2013 - 2014	BIC	EMinS	EU - Commission	US Embassy	Overhead (OSCE, FIQ, UNDP)	Total expenses
Salaries	-	-	14,748.03	-	-	3,192.00	2,929.20	7,915.13	-	800.12	2,218.96	3,477.60	3,952.26	39,233.30
Advocacy costs	128.00	-	2,452.06	11,374.42	-	1,994.41	4,905.40	9,387.24	6,395.60	1,215.94	-	1,747.00	1,804.25	41,404.32
Research costs	1,600.15	-	7,995.86	4,911.70	999.60	-	6,421.84	13,240.70	-	-	-	1,430.50	14,478.02	51,078.37
Translation, editing	615.30	-	-	2,329.05	1,810.40	321.00	2,741.60	-	-	-	-	880.45	-	8,697.80
Printing	-	-	113.00	-	-	17.70	-	16.90	-	-	-	-	-	147.60
Representation	-	-	1,060.21	-	-	473.49	452.57	1,262.80	-	-	-	-	-	3,249.07
Equipment purchased	-	-	40.00	-	-	-	-	-	-	-	-	-	691.00	731.00
Communication costs (phone, internet)	-	-	383.59	-	-	168.13	572.20	960.56	-	-	-	132.78	-	2,217.26
Office supplies and maintenance	-	-	1,815.64	-	-	221.87	466.73	483.47	-	-	30.00	399.92	-	3,417.63
Utilities	-	-	332.44	-	-	224.60	-	5.00	-	-	-	-	882.33	1,444.37
Local travel, transportation	-	-	537.45	-	-	412.50	501.00	672.02	-	150.00	20.00	107.30	615.46	3,015.73
Rent	-	-	2,250.00	1,026.50	-	480.00	376.50	1,250.00	-	-	210.00	-	475.50	6,068.50
Audit	-	-	1,000.00	-	-	-	920.00	-	-	-	-	300.00	-	2,220.00
Other expenses	-	213.65	295.00	-	-	-	-	-	-	-	-	-	210.59	719.24
Bank charges	1.00	58.81	119.56	30.00	-	5.00	3.00	21.00	70.00	2.00	171.77	6.00	-	488.14
Total expenses	2,344.45	272.46	33,142.84	19,671.67	2,810.00	7,510.70	20,290.04	35,214.82	6,465.60	2,168.06	2,650.73	8,481.55	23,109.41	164,132.33

12. 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.

13. 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. CRDP is exposed to credit risk in respect of membership fees receivable from its members.

Interest rate risk

The CRDP currently is not exposed to the interest rate risk.

Foreign exchange risk

The CRDP 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. The CRDP 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. The CRDP 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.