

INSTITUTE FOR DEVELOPMENT POLICY

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

As at and for the year ended 31 December 2021

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SPECIAL PURPOSE INDEPENDENT AUDITOR'S REPORT

To: Institute for Development Policy management

Opinion

We have audited financial statements of Institute for Development Policy ("INDEP"), which comprises the statement of financial position as at 31 December 2021, and the income statement for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with the basis of preparation as described in Note 2 and the requirements of Law No. 06/L-043 on Freedom of Association in Non-Governmental Organizations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements section of our report*. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Kosovo, and we fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the financial reporting requirements and for such controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Lulzim Krasniqi
Statutory Auditor

Quatra Audit Int. L.L.C.
30 March 2022



INSTITUTE FOR DEVELOPMENT POLICY

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

(All amounts in Euro)

As at 31 December		<u>2021</u>	<u>2020</u>
	<i>Notes</i>		
Fixed assets			
Property Plant and Equipment	4	33,125	36,489
Total		<u>33,125</u>	<u>36,489</u>
Current assets			
Cash at bank and in hand	5	133,641	118,815
Accounts receivables	6	18,892	9,317
Total		<u>152,533</u>	<u>128,132</u>
Total assets		<u>185,659</u>	<u>164,621</u>
Liabilities			
Accounts payable	7	194	117
Deferred revenues	8	185,465	164,504
Total		<u>185,659</u>	<u>164,621</u>
Fund balance			
Total opening fund		-	-
Surplus/(deficit) for the period		-	-
Total		<u>-</u>	<u>-</u>
Total liabilities and fund		<u>185,659</u>	<u>164,621</u>

The financial statements have been approved by Board on 20 March 2022 and signed by:

Burim Ejupi – Executive Director



The accompanying notes from 1 to 12 of the financial statements are an integral part of them.

INSTITUTE FOR DEVELOPMENT POLICY

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

(All amounts in Euro)

For the year ended 31 December		<u>2021</u>	<u>2020</u>
	<i>Notes</i>		
Incomes			
Grants and Donations	9	231,757	328,662
Total incomes		<u>231,757</u>	<u>328,662</u>
Expenses			
Personel	10	(83,614)	(118,370)
Project Activities	11	(120,914)	(163,928)
Operations	12	(15,239)	(18,778)
Depreciation	4	(5,999)	(6,054)
Other	13	(5,992)	(21,533)
Total Expenses		<u>(231,757)</u>	<u>(328,662)</u>
Net Surplus of Expense over Income		<u>-</u>	<u>-</u>

The accompanying notes from 1 to 12 of the financial statements are an integral part of them.

INSTITUTE FOR DEVELOPMENT POLICY

CASH FLOW STATEMENT

For the year ended 31 December 2021

(All amounts in Euro)

For the year ended 31 December

Cash flow from operating activities

Net surplus/(deficit) for the year

Changes in operating assets and liabilities

Depreciation

(Increase)/Decrease in receivables

Increase/(Decrease) in liabilities

Increase/(Decrease) in deferred revenues

Net cash flow from operating activities

Cash flow from investment activities

Investment in equipment

Net cash flow from investment activities

Net increase/(decrease)

Cash and cash equivalents at the beginning of the year

Cash and cash equivalent at the end of the year

	2021	2020
	-	-
	5,999	5,999
	(9,575)	(9,317)
	77	(35)
	20,961	(68,612)
	17,462	(71,965)
	(2,636)	(38,601)
	(2,636)	(38,601)
	14,826	(110,566)
	118,815	229,381
	133,641	118,815

INSTITUTE FOR DEVELOPMENT POLICY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(All amounts in Euro)

1. Organization

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 programs, each of which includes their own domains of operation:

- Democratic Governance
- Sustainable Development
- Regional cooperation

NGO Number: 5113668-3

Fiscal Number: 600725256

2. Basis of preparation

The financial statements have been prepared in accordance with the requirements of Law no. 06/L-043 on Freedom of Association in Non-Governmental Organizations for the purpose of reporting to the NGO Regulatory Office.

Revenues from grants are recognized when earned rather than when received and expenses are recognized when incurred rather than when paid.

In addition, deferred grant liability, accrued and other payables are recorded under the accrual basis of accounting. The significant accounting policies are described below

INSTITUTE FOR DEVELOPMENT POLICY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(All amounts in Euro)

3. Summary of significant accounting policies

3.1. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and unrestricted cash held with banks or term deposits with maturity of less than three months.

3.2. Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment of the business are stated in the statement of financial position with the value of the purchased date less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Equipments are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using the declining balance method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the sale or disposal of an asset is defined as the difference between the proceeds of the sale and the carrying amount of an asset and is therefore recognized in profit or loss in the income statement.

(ii) Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line method of cost allocation or cost considered at their residual value over their useful lives as follows:

Equipment and machinery	5 years
Other non-current assets	3 years

3.3. Trade receivables

Trade receivables are initially recognized at fair value and then carried at cost less provisions, if any. A provision is recognized when there is objective evidence that the Organization will not be able to collect all appropriate amounts under the original receivables terms. Examples of objective evidence may be the client's financial difficulties, the high probability that the client will go bankrupt, and the constant delays in payments.

3.4. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents solely amount receivable from donors with regard to the payroll, operating, and other expenses incurred.

3.5. Foreign currency transactions

Transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on monetary items, are included in the profit and loss of the period in which they arise.

INSTITUTE FOR DEVELOPMENT POLICY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(All amounts in Euro)

3.6. Employee benefits

The Organization, in the normal course of business, makes payments to the State budget of on behalf of its employees. The majority of the Organization's employees are members of the State pension plan. All such contributions to the mandatory government pension schemes are expensed when incurred. The Organization does not operate any other pension scheme or postretirement benefit plan and, consequently, has no obligation in respect of pensions.

In addition, the Organization has no material obligations to provide further benefits to current and former employees.

3.7. Contingencies and provisions

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable. A provision is recognized if the Organization has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

3.8. Critical judgments and key sources of estimation uncertainty

In the process of applying the Organization's accounting policies, which are described above, management has made no judgments that have significant effects on the amounts recognized in the financial statements.

INSTITUTE FOR DEVELOPMENT POLICY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(All amounts in Euro)

4. Equipment and Computers

Description	Vehicle	Equipment and Computers	Total
<i>Historical Costs</i>			
As at 31 December 2019	-	8,341	8,341
Purchases	35,500	-	-
As at 31 December 2020	35,500	8,341	8,341
Purchases	-	2,636	2,636
Removals	-	-	-
As at 31 December 2021	35,500	10,976	10,976
<i>Depreciation</i>			
As at 31 December 2019	-	(1,352)	(1,352)
Expense of the year	(4,630)	(1,369)	(5,999)
As at 31 December 2020	(4,630)	(2,722)	(7,351)
Expense of the year	(4,630)	(1,369)	(5,999)
As at 31 December 2021	(9,260)	(4,091)	(13,351)
<i>Net Book Value</i>			
As at 31 December 2020	30,870	5,619	36,489
As at 31 December 2021	26,240	6,885	33,125

5. Cash at bank and on hand

As at 31 December	2021	2020
Cash at bank	133,573	118,743
Cash in hand	68	72
Total	133,641	118,815

6. Accounts Receivable

As at 31 December	2021	2020
Accounts Receivable	18,892	9,317
Total	18,892	9,317

7. Accounts payable

As at 31 December	2021	2020
Accounts Payable	194	117
Total	194	117

INSTITUTE FOR DEVELOPMENT POLICY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(All amounts in Euro)

8. Deferred Revenues

As at 31 December	2021	2020
Deferred Revenue	152,340	128,015
Other payables	33,125	36,489
Total	185,465	164,504

9. Grants and Donations

Description	Foundations Grants	Non-Profit Organization Grants	Program Incomes	Total
Other Projects	-	-	20,317	20,317
Balkan Green Foundation	251	-	-	251
European Commission #2020/455-218	909	-	-	909
GIZ #81239763	6,343	-	-	6,343
National Endowment for Democracy	-	1,011	-	1,011
Rockefeller Brothers Fund #19-135	-	52,387	-	52,387
UN Kosovo Team	-	-	813	813
GIZ #	-	7,751	-	7,751
Kosovar Civil Society Foundation	-	7,256	-	7,256
GIZ #81260306	1,601	28,988	-	30,589
GIZ #83359845	8,448	2,895	-	11,344
Kosovo Foundation for Open Society #C08-20	-	19,890	-	19,890
Friedrich Ebert Stiftung	-	2,100	-	2,100
UNDP	4,950	-	-	4,950
European Commission	42,654	-	-	42,654
AGORA	3,744	-	-	3,744
Balkan Green Foundation	-	-	3,910	3,910
GIZ #81270785	10,393	-	-	10,393
The Balkan Trust for Democracy	60,616	-	-	60,616
Konrad Adenauer Stiftung	-	-	1,800	1,800
GIZ #81276417	23,868	-	-	23,868
Kosovo Foundation for Open Society #C10/21	10,000	-	-	10,000
European Commission #2021/429-991	42,330	-	-	42,330
Sub-total	216,107	122,278	26,840	365,225
Transferred to deferred revenues	(49,265)	(84,203)	-	(133,468)
Total Incomes per year:	166,843	38,075	26,840	231,757

10. Personnel

For the year ended 31 December	2021	2020
Management Personnel	61,975	75,883
Program Personnel	21,638	42,487
Total:	83,614	118,370

INSTITUTE FOR DEVELOPMENT POLICY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(All amounts in Euro)

11. Project activities

For the year ended 31 December	2021	2020
Seminar/Conference	1,177	5,950
Research	56,571	64,454
Advertising	21,404	8,705
Translation	6,748	3,816
Printing and Publications	3,670	7,924
Advocacy	800	1,321
Promotions	8,770	58,380
Meetings & Workshops	7,005	1,858
Web Page Development & Maintenance	10,339	5,207
Internship/Fellowship	2,195	649
Branding and Design	764	980
Trainers	-	2,597
Speakers	-	1,308
Project Activities - Other	1,471	779
Total:	120,914	163,928

12. Operations

For the year ended 31 December	2021	2020
Taxes, License, and Fees	268	154
Bank/Wire Fees	967	771
Vehicle info/Insurance Expense	696	486
Telephone	529	404
Internet	936	1,299
Postal Service	356	248
Office Rent	5,640	5,640
Cleaning Services	2,041	2,041
Electricity & Heating	1,496	1,098
Repairs/Maint-Equipment	-	56
Repairs/Maint-Other	-	345
Office Printing Expenses	-	45
Water & Sewage	74	61
Audit/accountancy	1,150	1,100
Operations - Other	1,086	5,030
Total:	15,239	18,778

INSTITUTE FOR DEVELOPMENT POLICY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(All amounts in Euro)

13. Other expenses

For the year ended 31 December	2021	2020
Travel, Transport, Per Diem	3,205	4,717
Equipment	-	950
Supplies	2,388	2,831
Consultants	-	900
Fringe Benefits	-	702
Other Service	399	11,433
Total:	5,992	21,533

14. Contingent liabilities and commitments

Operating lease commitments

As at 31 December	2021	2020
Payment within one year	5,640	5,640
Payment more than one year or less than five years	5,640	11,280

15. Events after the reporting date

There are no events subsequent to the reporting date that require disclosure in the financial statements of Organization.