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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 | | 33,125 | 36,489 |
| Current assets | | | |
| Cash at bank and in hand | 5 | 133,641 | 118,815 |
| Accounts receivables | 6 | 18,892 | 9,317 |
| Total | | 152,533 | 128,132 |
| Total assets | | 185,659 | 164,621 |
| Liabilities | | | |
| Accounts payable | 7 | 194 | 117 |
| Deferred revenues | 8 | 185,465 | 164,504 |
| Total | | 185,659 | 164,621 |
| Fund balance | | | |
| Total opening fund | | - | - |
| Surplus/(deficit) for the period | | - | - |
| Total | | - | - |
| Total liabilities and fund | | 185,659 | 164,621 |

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.