

# **INSTITUTE FOR DEVELOPMENT POLICY**

## **FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT**

As at and for the year ended 31 December 2022

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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 2022, 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, 2022 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.  
21 March 2023



## INSTITUTE FOR DEVELOPMENT POLICY

### STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

(All amounts in Euro)

As at 31 December		2022	2021
	<i>Notes</i>		
<b>Fixed assets</b>			
Property Plant and Equipment	4	23,830	33,125
<b>Total</b>		<b>23,830</b>	<b>33,125</b>
<b>Current assets</b>			
Cash at bank and in hand	5	100,424	133,641
Accounts receivables	6	9,787	18,892
<b>Total</b>		<b>110,211</b>	<b>152,533</b>
<b>Total assets</b>		<b>134,042</b>	<b>185,659</b>
<b>Liabilities</b>			
Accounts payable	7	113	194
Deferred revenues	8	133,929	185,465
<b>Total</b>		<b>134,042</b>	<b>185,659</b>
<b>Fund balance</b>			
Total opening fund		-	-
Surplus/(deficit) for the period		-	-
<b>Total</b>		-	-
<b>Total liabilities and fund</b>		<b>134,042</b>	<b>185,659</b>

The financial statements have been approved by General Assembly of INDEP on 2 March 2023 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 2022

(All amounts in Euro)

For the year ended 31 December

		<u>2022</u>	<u>2021</u>
	<i>Notes</i>		
<b>Incomes</b>			
Grants and Donations	9	281,697	231,757
<b>Total incomes</b>		<u><b>281,697</b></u>	<u><b>231,757</b></u>
<b>Expenses</b>			
Personnel	10	(122,066)	(83,614)
Project Activities	11	(76,960)	(99,510)
Operations	12	(53,186)	(36,643)
Depreciation	4	(9,295)	(5,999)
Other	13	(20,190)	(5,992)
<b>Total Expenses</b>		<u><b>(281,697)</b></u>	<u><b>(231,757)</b></u>
<b>Net Surplus of Expense over Income</b>		<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 2022

(All amounts in Euro)

For the year ended 31 December

	<u>2022</u>	<u>2021</u>
<b>Cash flow from operating activities</b>		
Net surplus/(deficit) for the year		-
<i>Changes in operating assets and liabilities</i>		
Depreciation	9,295	5,999
(Increase)/Decrease in receivables	9,105	(9,575)
Increase/(Decrease) in liabilities	(81)	77
Increase/(Decrease) in deferred revenues	(51,536)	20,961
<b>Net cash flow from operating activities</b>	<b>(33,217)</b>	<b>17461.64</b>
<b>Cash flow from investment activities</b>		
Investment in equipment	-	(2,636)
<b>Net cash flow from investment activities</b>	<b>-</b>	<b>(2,636)</b>
<b>Net increase/(decrease)</b>	<b>(33,217)</b>	<b>14,826</b>
Cash and cash equivalents at the beginning of the year	133,641	118,815
<b>Cash and cash equivalent at the end of the year</b>	<b>100,424</b>	<b>133,641</b>

## **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



### **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.

### **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.

#### 4. Equipment and Computers

Description	Vehicle	Equipments and Computers	Total
<i>Historical Costs</i>			
<b>As at 31 December 2020</b>	<b>35,500</b>	<b>8,341</b>	<b>8,341</b>
Purchases	-	2,636	2,636
<b>As at 31 December 2021</b>	<b>35,500</b>	<b>10,976</b>	<b>46,476</b>
Purchases	-	-	-
<b>As at 31 December 2022</b>	<b>35,500</b>	<b>10,976</b>	<b>46,476</b>
<i>Depreciation</i>			
<b>As at 31 December 2020</b>	<b>(4,630)</b>	<b>(2,722)</b>	<b>(7,351)</b>
Expense of the year	(4,630)	(1,369)	(5,999)
<b>As at 31 December 2021</b>	<b>(9,260)</b>	<b>(4,091)</b>	<b>(13,351)</b>
Expense of the year	(7,100)	(2,195)	(9,295)
<b>As at 31 December 2022</b>	<b>(16,360)</b>	<b>(6,286)</b>	<b>(22,646)</b>
<i>Net Book Value</i>			
<b>As at 31 December 2021</b>	<b>26,240</b>	<b>6,885</b>	<b>33,125</b>
<b>As at 31 December 2022</b>	<b>19,140</b>	<b>4,690</b>	<b>23,830</b>

#### 5. Cash at bank and on hand

As at 31 December	2022	2021
Cash at bank	100,351	133,573
Cash in hand	73	68
<b>Total</b>	<b>100,424</b>	<b>133,641</b>

#### 6. Accounts Receivable

As at 31 December	2022	2021
Accounts Receivable	113	194
<b>Total</b>	<b>113</b>	<b>194</b>

#### 7. Accounts payable

As at 31 December	2022	2021
Accounts Payable	9,787	18,892
<b>Total</b>	<b>9,787</b>	<b>18,892</b>

## 8. Deferred Revenues

<b>As at 31 December</b>	<b>2022</b>	<b>2021</b>
Deferred Revenue	110,098	152,340
Other payables	23,830	33,125
<b>Total</b>	<b>133,929</b>	<b>185,465</b>

## 9. Grants and Donations

<b>For the year ended 31 December</b>	<b>2022</b>	<b>2021</b>
OH	25,231	-
Balkan Green Foundation	252	4,161
British Embassy	13,756	-
European Commission #2020/455-218	42,267	85,893
GIZ	126,622	90,287
National Endowment for Democracy	1,011	1,011
Rockefeller Brothers Fund #19-135	113,748	52,387
SDG Brunch	813	-
KCSF Norwegian	-	7,256
UN Kosovo Team	-	813
Other projects	-	20,317
Kosovo Foundation for Open Society	10,000	29,890
Friedrich Ebert Stiftung	1,050	2,100
UNDP	4,950	4,950
AGORA	3,729	3,744
BTD	38,937	60,616
KAS	1	1,800
<b>Sub-total</b>	<b>382,367</b>	<b>365,225</b>
Transferred to Deferred revenues	(100,670)	(133,468)
<b>Total:</b>	<b>281,697</b>	<b>231,757</b>

## 10. Personnel

<b>For the year ended 31 December</b>	<b>2022</b>	<b>2021</b>
Management Personnel	63,762	61,975
Program Personnel	58,304	21,638
<b>Total:</b>	<b>122,066</b>	<b>83,614</b>

## 11. Project activities

<b>For the year ended 31 December</b>	<b>2022</b>	<b>2021</b>
Seminar/Conference	460	1,177
Research	42,476	56,571
Translation & Translatio Equipme	10,160	6,748
Printing and Publications	1,854	3,670
Advocacy	-	800
Promotions	2,530	8,770
Meetings & Workshops	9,063	7,005
Web Page Development/Maint	1,850	10,339
Internship/Fellowship	725	2,195
Branding and Design	5,300	764
Trainers	842	-
Speakers	-	-
Project Activities - Other	1,100	1,471
Proofreading	200.42	-
Trainings	400	-
<b>Total:</b>	<b>76,960</b>	<b>99,510</b>

## 12. Operations

<b>For the year ended 31 December</b>	<b>2022</b>	<b>2021</b>
Taxes, License, and Fees	665	268
Bank/Wire Fees	995	967
Vehicle info/Insurance Expense	727	696
Telephone	2,278	529
Internet	464	936
Postal Service	425	356
Office Rent	5,377	5,640
Advertising	30,131	21,404
Cleaning Services	2,042	2,041
Electricity & Heating	1,916	1,496
Repairs/Maint-Equipment	80	-
Repairs/Maint-Other	292	-
Office Printing Expenses	176	-
Water & Sewage	58	74
Audit/accountancy	2,240	1,150
Operations - Other	4,339	1,086
Office Vehicle Expense	980	-
<b>Total:</b>	<b>53,186</b>	<b>36,643</b>

### 13. Other expenses

<b>For the year ended 31 December</b>	<b>2022</b>	<b>2021</b>
Travel, Transport, Per Diem	16,212	3,205
Equipment	903	-
Supplies	3,075	2,388
Other Service	-	399
<b>Total:</b>	<b>20,190</b>	<b>5,992</b>

### 14. Contingent liabilities and commitments

#### *Operating lease commitments*

<b>As at 31 December</b>	<b>2022</b>	<b>2021</b>
Payment within one year	5,640	5,640
Payment more than one year or less than five years	5,640	5,640

### 15. Events after the reporting date

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