

**INDEPENDENT AUDITORS' REPORT
AND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

FOR THE PERIOD ending December 31, 2009

KIPRED

**KOSOVAR INSTITUTE FOR POLICY
RESEARCH AND DEVELOPMENT**

May 28, 2010

Independent Auditors' Opinion

To the management of KIPRED – Prishtinë, Kosovë

We have audited the accompanying of cash receipts and disbursements (the "Statement") of KIPRED for period ending 31 December 2009 and a summary of significant accounting policies and other explanatory notes, implemented by KIPRED. Management of KIPRED is responsible for preparation and fair presentation of the Statement in accordance with the cash receipts and disbursements basis of preparation. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the reporting forms are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the reporting forms. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the proper accounting and reporting of the data on the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying Statement presents fairly, in all material respects, the revenues collected and expenses paid by KIPRED during the period ending 31 December 2009 in accordance with the cash receipts and disbursements basis.

BU & Partners
Prishtina



KOSOVAR INSTITUTE FOR POLICY RESEARCH AND DEVELOPMENT

Statement of Cash Receipts and Disbursements

19-Feb-09	Olaf Palme International Center 2009 First installment	11,440.35
24-Jul-09	Olaf Palme International Center 2009 Second installment	11,377.63
15-Jun-09	ECORYS	6,200.00
1-Jul-09	US Embassy - Final Payment	4,136.01
28-Feb-09	YIHR	4,259.00
26-Oct-09	FRIDE	7,488.00
7-Aug-09	OSCE - First Payment	6,000.00
17-Sep-09	OSCE - Second Payment	2,000.00
27-Jun-09	PAC	57,555.00
26-Oct-09	ABAROLLI	3,784.65
30-Mar-09	SDC First installment	25,000.00
1-Sep-09	SDC Second installment	25,000.00
6-Mar-09	LGI (Overhead) First installment	10,400.00
10-Sep-09	LGI (Overhead) Second installment	10,400.00
28-Sep-09	DT reimbursement for Old office equipment	900.00
3-Jun-09	OSCE second part of payment for the project in 2008	600.00
3-Aug-09	OSCE-Transitional Justice (Overhead)	370.00
26-Jan-09	Reimbursement from Genç Krasniqi for Airplane ticket	823.00
7-Apr-09	FV Second Payment for the project	13,726.67
22-Sep-09	FV Third Payment for the project	12,495.62
18-Nov-09	FV Fourth Payment for the project	12,362.24
22-Dec-09	KCSF	10,000.00
2-Feb-09	FV Rent	687.55
2-Jul-09	FV Rent	1,265.82
31-Dec-09	KIPRED Fee and Reimbursement from Other Projects (Overhead)	16,805.93
30-Jan-09	Payment for Expenses in Brussels (L.Peci)	730.31
31-Jan-09	Payment for Expenses in Brussels (I.Deda)	730.31
31-Dec-09	Cash payment from KIPRED Staff	373.61
	TOTAL FINANCING	<u>256,911.70</u>

PROJECT EXPENDITURE

Olaf Palme International Center 2009	26,121.03
ECORYS	6,179.70
FRIDE	10,323.74
OSCE	9,853.46
SDC	53,761.45
YIHR	4,257.36
FORUM- CSRD	7,190.36
Future Voters	28,707.47
Overhead	46,663.50
PAC	57,088.16
Democracy Grant	6,930.50
Kosovo Foundation for Open Society Grant 081/08	366.95
Kosovo Foundation for Open Society Grant 178/08	12,785.31
ABAROLLI	3,071.40
Pension tax for December, 2008	945.32
Salary tax for December, 2008	1,319.28
Rent tax for December, 2008	136.00

Total Expenses for the period **275,700.99**

FUND BALANCE

Excess of expenditure over income	-17,789.29
Bank charges	-348.07
Cash and bank balance at end of 31 December 2009	<u>47,159.04</u>

BANK BALANCES

Bank balance at end of the year 126	16,543.95
Bank balance at end of the year 117(FORUMI)	12,136.22
Bank balance at end of the year 108 (FRIDE)	348.26
Bank balance at end of the year 178(FV_Project)	12,637.19
Bank balance at end of the year 196 (OPIC)	0.08
Bank balance at end of the year 169 (SDC)	5,005.43
Bank balance at end of the year 160 (PAC)	417.56
Bank balance at end of the year 187(FV_Rent)	0.05
Cash Flow PAC	43.30
Cash Flow FV	27.00
Cash Flow	0.00
Cash and bank balance at end of the year 2009	<u>47,159.04</u>

1. GENERAL INFORMATION

The Kosovar Institute for Policy Research and Development ("KIPRED") was registered under the United Nations Interim Administration Mission in Kosovo ("UNMIK") regulations as a non-governmental organization on November 11, 2003.

On November 12, 2003 KIPRED was separated from the Kosovar Civil Society Foundation ("KCSF"). As at this date fixed assets purchased by KIPRED through funding from the Olof Palme International Centre ("OPIC") totalling EUR 27,939 were transferred to KIPRED together with unspent OPC funded cash balances totalling EUR 83,308 as at that date.

KIPRED is a foundation whose mission is the introduction of democracy and democratic values into the Kosovo region. KIPRED's activity is organized into two pillars: training and policy research.

The training pillar is focused on the development of political parties through its Internet Academy for Democracy, which is a modern training method, and which is organized in cooperation with International Center Olof Palme from Sweden. The research pillar offers independent research of policies in the field of government and administration, development of political parties, regional and international relations.

KIPRED is supported financially from the Olof Palme International Center, the Rockefeller Brothers Fund, the East West Parliamentary Practice Project as long term donors. KIPRED also makes other agreements with different donors for short term projects.

2. BASIS OF PREPARATION OF THE STATEMENTS

2.1 General

The Statement of Cash Receipts and Disbursements has been prepared for the purpose of reporting to donor British embassy under the contracts for 2009 and 2010 and to other donors on the activities of the KIPRED in compliance with donor project objectives.

2.2 Accounting Convention

The Statement has been prepared in accordance with the cash receipts and disbursement basis of accounting. On this basis revenue, being grant funding, is recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred. Fixed assets are not capitalized for purposes of this Statement.

2.3 Reporting Currency

The KIPRED books and records are maintained in EUR, the legal currency of the territory of Kosovo. Transactions in currencies other than EUR are translated into EUR at the relevant exchange rate ruling on the date of the transaction.

3. Financial Reports of Projects

3.1 ABAROLI

Expenses	
Project cost	
Research cost / researcher and research assistant	€ 1,999.25
Editing cost	€ 500.00
Translation cost	€ 199.50
Printing of publication	€ 299.28
Operational Costs	
Local travel and representation	€ 319.80
Office rent	€ 420.00
TOTAL	€ 3,737.83

3.2. FORUM - KIPRED Project

Description	Total/Euro	FORUM	KIPRED	Expenses 31 dec, 2008	Expenses	Deviation
Personal / Staff						
Project coordinators	10,400	5,200	5,200	1,600.24	3,399.70	200.06
Participants' fees	9,600	3,600	6,000	1,659.62	301.16	4,039.22
Moderator's fees	1,920	720	1,200	240.00	240.00	720.00
Interpreters (in Macedonian, Albanian, Serbian & English)	10,080	5,280	4,800	903.00	150.16	3,746.84
	32,000	14,800	17,200	4,402.86	4,091.02	
Transport / Rent of premises & equipment						
Transfer by taxi for Kos./Mac. participants	3,200	2,000	1,200	200.00	32.00	968.00
Local transport for the participants	480	180	300	30.60	0.00	269.40
Transfer by plane/car from Bg. to Sk. or Pr.	1,000	1,000	0			0.00
Transfer for Mac. interpreters to Pristina	2,000	2,000	0			0.00
Rent of translation equipment and recording	7,400	2,400	5,000	693.00	231.00	4,076.00
Rent of premises	1,600	600	1,000	749.10	0.00	250.90
Transfer for preparatory activities	400	200	200	0.00	75.00	125.00
	16,080	8,380	7,700	1,672.70	338.00	
Accommodation & Meals						
Overnight stay (guests invited from Serbia)	1,200	1,200	0			0.00
Lunches after the event	4,000	1,500	2,500	386.60	209.9	1,903.50
Meals & misc. for preparatory team	100	100	100	4.80	0	95.20
	5,300	2,700	2,600	391.40	209.90	

Outreach						
Launching and hosting of the web site	1,920	0	1,920		1875	45.00
Transcripts (in English) for the web site	3,200	1,200	2,000	353.54	400	1,246.46
Press-clipping	960	480	480	90.00	0	390.00
Information dissemination	1,440	720	720	175.29	0	544.71
Communication [(Sk. - Pr. (- Bg.))]	1,300	650	650	138.40	276.44	235.16
	8,820	3,050	5,770	757.23	2,551.44	
Total Project Expenditures (Euro):	62,200	28,930	33,270	7,224.19	7,190.36	

3.3. Democracy Grant Financial Report

Project cost	Expenses	Expenses USD
Project coordinator (coordinates the project and prepares financial and narrative reports for the project)	€ 4,916.00	\$6,959.60
Expert (prepares a backgrounder for each debate and moderates debates/forums)	€ 3,307.50	\$4,655.95
	€ 8,223.50	\$11,615.55

3.4 ECORYS Project

Project cost	Total	Expenses
Research (inputs of staff)	€ 4,000.00	€ 2,990.00
Quality Control	€ 2,000.00	€ 2,990.00
Miscellaneous Expenditure (local travel, and communication)	€ 200.00	€ 199.70
	€ 6,200.00	€ 6,179.70

3.5 FRIDE Project

	Expenses	Balance
Analysis and research paper		
Project Coordinator / Researcher	€ 4,498.20	€ 4,501.80
Research Assistant	€ 2,099.30	€ 2,100.70
Researcher (Part Time)	€ 3,000.30	€ 2,999.70
Office supply, utilities and communication	€ 600.34	€ 599.66
Final workshop	€ 0.00	€ 2,000.00
Travel	€ 125.60	€ 174.40
Unexpected costs	€ 0.00	€ 500.00
Overhead (Lump)	€ 0.00	€ 1,750.00
TOTAL	€ 10,323.74	€ 14,626.26

3.6 FUTURE VOTERS Project

	Expenses	Expenses USD
1. Personnel		
Project coordinator	€ 6,385.00	\$9,018.31
Assistant to Chief of Party/Translator	€ 8,491.44	\$11,993.69
Trainers	€ 247.22	\$333.74
Observers	€ 1,132.77	\$1,679.90
Teacher trainee honorarium	€ 9,265.62	\$12,982.82
2. Administrative cost		
Utilities	€ 211.07	\$314.97
Communication cost	€ 787.02	\$1,124.51
Transport Cost	€ 961.20	\$1,401.83
Training Materials	€ 1,226.13	\$1,784.13
3. Travel		
KIPRED trips to U.S. (Phoenix and DC)	€ 0.00	\$0.00
TOTAL	€ 28,707.47	\$40,633.90

3.7 KFOS Project 081

	Expenses	Deviations
Analysis and research paper		
Project Coordinator (part-time)/ Researcher	€ 3,500.00	€ 0.00
Financial Officer (part-time)	€ 750.00	€ 0.00
Researcher	€ 1,500.00	€ 0.00
Transport Cost	€ 238.30	€ 121.70
Focus group debate	€ 0.00	€ 1,350.00
Conference	€ 225.46	€ 24.54
Translation	€ 131.99	€ 168.01
KIPRED admin cost	€ 976.87	€ 23.13
TOTAL	€ 7,322.62	€ 1,687.38

3.8 KFOS Project 178

	Expenses, 31 dec, 2008	Expenses in 2009	Total Expenses	Deviations
Analysis and research paper				
Project Coordinator / Researcher	€ 2,900.30	€ 2,400.32	€ 5,300.62	€ 99.38
Financial Officer / assistant of the project(part-time)	€ 350.00	€ 1,000.00	€ 1,350.00	€ 0.00
Translation of the research in two languages 160 page	€ 0.00	€ 3,520.62	€ 3,520.62	-€ 320.62
Transport Cost and refreshment*	€ 264.20	€ 185.80	€ 450.00	€ 0.00
Pnblication in hard copies 3 language x 250 copies	€ 0.00	€ 1,875.30	€ 1,875.30	-€ 75.30
Lay out and design the pnblication	€ 0.00	€ 200.00	€ 200.00	€ 250.00
Conference	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Field research (3 municipalities)	€ 0.00	€ 2,400.32	€ 2,400.32	-€ 0.32
Office rent (35% of 850)	€ 600.00	€ 600.00	€ 1,200.00	€ 0.00
Office supply, utilities and communication	€ 360.00	€ 602.95	€ 962.95	€ 27.05
TOTAL	€ 4,474.50	€ 12,785.31	€ 17,259.81	-€ 19.81

3.9 Technical Assistance to Press Council of Kosovo: Activity

Project cost	Total	Expenses	Balance
Research staff cost (3 researcher and 1 assistant)	€ 9,000.00	€ 9,003.03	-€ 3.03
Administrative cost (all daily newspaper, focus groups, travel cost, stationeries)	€ 970.00	€ 850.43	€ 119.57
TOTAL	€ 9,970.00	€ 9,853.46	€ 116.54

3.10 PAC Project

BUDGET CATEGORY	Total Euro	Expenses	Deviation
SALARIES AND BENEFITS			
Project Coordinator/Researcher	€ 19,338.48	€ 13,452.08	€ 5,886.40
Researcher	€ 17,957.16	€ 12,486.06	€ 5,471.10
Senior Researcher	€ 8,287.92	€ 5,865.00	€ 2,422.92
International Consultant	€ 23,022.00	€ 0.00	€ 23,022.00
PAC Support Staff	€ 8,287.92	€ 5,521.01	€ 2,766.91
Financial Officer	€ 6,215.94	€ 4,403.00	€ 1,812.94
Employer pension contribution	€ 3,936.76	€ 2,086.35	€ 1,850.41
Total Salaries	€ 87,046.18	€ 43,813.50	€ 43,232.68
OFFICE EXPENSES			
Rent	€ 5,525.28	€ 3,914.00	€ 1,611.28
Utilities	€ 1,035.99	€ 217.16	€ 818.83
Office Supplies and Maintenance	€ 1,035.99	€ 641.88	€ 394.11
Committee Supplies	€ 1,381.32	€ 193.01	€ 1,188.31
Communications	€ 1,381.32	€ 627.42	€ 753.90
Local Travel	€ 690.66	€ 255.55	€ 435.11
Total Office Expenses	€ 11,050.56	€ 5,849.02	€ 5,201.54
PROJECT ACTIVITIES			
Round Table	€ 1,726.65	€ 1,874.14	-€ 147.49
Training Workshops	€ 9,208.80		€ 9,208.80
Package of Documents	€ 575.55		€ 575.55
Hearing Sessions	€ 920.88		€ 920.88
Workshop for assessment methodology	€ 1,726.65		€ 1,726.65
Publishing of brochures	€ 575.55	€ 376.50	€ 199.05
Publishing of reports	€ 460.44		€ 460.44
Round Table Discussion on functioning of PAC	€ 1,726.65		€ 1,726.65
Total Project Activities	€ 16,921.17	€ 2,250.64	€ 14,670.53
STUDY VISIT			
Airfare	€ 8,057.70		€ 8,057.70
Hotel Expenses	€ 9,669.24		€ 9,669.24
Per diem (local travel, meals)	€ 4,834.62		€ 4,834.62
Total Study Visit	€ 22,561.56		€ 22,561.56
Evaluation of the project			
Evaluation of the project	€ 575.55		€ 575.55
Audit			
External audit to audit the project finances	€ 1,726.65		€ 1,726.65
Overhead			
5% KIPRED fce	€ 6,906.60	€ 5,175.00	€ 1,731.60
TOTAL:	€ 146,212.72	€ 57,088.16	€ 89,700.11

3.11. SDC Project

	Total	Expenses	Balance
1. Project costs			
Project coordinator/Senior Researcher	€ 19,200.00	€ 19,203.92	-€ 3.92
Senior Researchers	€ 18,480.00	€ 18,480.00	€ 0.00
Research assistant	€ 7,200.00	€ 6,600.00	€ 600.00
Translation of Policy Briefs/Discussions Papers	€ 1,440.00	€ 288.86	€ 1,151.14
Roundtables/Briefings	€ 2,400.00	€ 76.00	€ 2,324.00
Transport and Interview Costs	€ 2,400.00	€ 1,596.65	€ 803.35
Advocacy	€ 7,500.00	€ 2,123.73	€ 5,376.27
Sub total	€ 58,620.00	€ 48,369.16	€ 10,250.84
2. Administrative cost			
Office rent	€ 2,040.00	€ 2,040.00	€ 0.00
Financial officer	€ 1,680.00	€ 1,680.00	€ 0.00
Utilities	€ 750.00	€ 667.11	€ 82.89
Communication cost **	€ 720.00	€ 704.18	€ 15.82
Maintenance	€ 360.00	€ 301.00	€ 59.00
Sub total	€ 5,550.00	€ 5,392.29	€ 98.71
TOTAL	€ 64,170.00	€ 53,761.45	€ 10,349.55

3.12. YIHR Project

Project cost	Cost	Total	Expenses
Research Assistant	€ 325.00	€ 325.00	€ 322.36
Experts (prepares a research paper)	€ 1,970.00	€ 3,940.00	€ 3,935.00
TOTAL	€2,295.00	€4,265.00	€ 4,257.36