

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

**FOR THE PERIOD ending December 31, 2012**

**KIPRED**

**KOSOVAR INSTITUTE FOR POLICY  
RESEARCH AND DEVELOPMENT**

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## Management's Responsibility for Financial Statements

The accompanying financial statements of Kosovar Institute for Policy Research and Development are the responsibility of management and have been approved by the Board of Directors. The financial statements have been prepared by management in accordance with Kosovo Financial Reporting Standards principles. When alternative accounting methods exist, management has selected those it deems to be most appropriate in the circumstances. The financial statements include estimates based on the experience and judgment of management in order to ensure that the financial statements are presented fairly, in all material respects. Financial information presented elsewhere in the annual report is consistent with that in the financial statements.

The management of the KIPRED developed and continues to maintain systems of internal accounting controls and management practices designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Organization's assets are appropriately accounted for and adequately safeguarded. The Board of Directors exercises its responsibilities for ensuring that management fulfills its responsibilities for financial reporting and internal control. There are, however, inherent limitations that should be recognized in considering the assurances provided by the internal control structure. The internal control process also includes management's communication to employees of policies, which govern ethical business conduct.

**Baker Tilly Kosovo**, Independent Auditors, have been engaged to audit these costs statement in accordance with International Standards on Auditing.

**Director**



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## Independent Auditors' Report

To the Management of Kosovar Institute for Policy Research and Development

We have audited the accompanying costs statement of Kosovar Institute for Policy Research and Development as at 31 December 2012, and a summary of significant accounting policies and other explanatory notes, included on pages 4 to 9. We have audited the financial statements and supplementary financial data of Kosovar Institute for Policy Research and Development for the period of 1 January 2011 until 31 December 2012 expressed in EUR. These financial statements and supplementary financial data are the responsibility of the project's management. Our responsibility is to express an opinion on the aforementioned financial information based on our audit.

### *Management's responsibility for the costs statement*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Requirements in Kosovo. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of costs statement 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.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these costs statement based on our audit. We conducted our audit in accordance with the 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 costs statement is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the costs statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the costs statement, 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 costs statement 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 costs statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements of Kosovar Institute for Policy Research and Development as at 31 December 2012, are prepared, in all material respects, in accordance with the financial reporting requirement of donor and relevant laws in Kosovo.

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

**Baker Tilly Kosovo,**

Pristina,  
August 2013

KOSOVAR INSTITUTE FOR POLICY RESEARCH AND DEVELOPMENT  
Income Statement

	<i>Notes</i>	<i>In Euro</i>
<b>Income</b>		
Grants for Projects	1	<b>382,068.30</b>
		<hr/>
<b>Total Income</b>		<b>382,068.30</b>
<b>Expenses</b>		
Program Expenses	2	238,998.07
General Administration		58,316.63
Bank Charges	3	570.11
		<hr/>
<b>Total Expenses</b>		<b>297,884.81</b>
		<hr/>
<b>Net Profit/Loss</b>		<b>84,183.49</b>

**KOSOVAR INSTITUTE FOR POLICY RESEARCH AND DEVELOPMENT**  
**Balance Sheet**

*In Euro*

<b>Assets</b>		
Current Assets		
Cash on hand		<b>117,987.22</b>
Cash on bank		
Accounts		-
Other current assets		-
		<b>117,987.22</b>
<b>Total Current Assets</b>		
Fixed Assets		
Investments	6	
<b>Total Fixed Assets</b>		
<b>Total Assets</b>		<b>117,987.22</b>
<b>Liabilities and Equity</b>		
Accounts payable	7	-
Payroll liabilities		-
Deferred revenues	6	-
Total Liabilities		-
Equity		
Retained Earnings		<b>84,183.49</b>
Opening Equity		33,803.73
Total Equity		<b>117,987.22</b>
<b>Total Liabilities and Equity</b>		<b>117,987.22</b>

## **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”) totaling EUR 27,939 were transferred to KIPRED together with unspent OPIC funded cash balances totaling 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, DFID, British Embassy, FES, RBF, UNDP, KFOS 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 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.



## Notes

### 1. Grants for Projects

3-Feb-12	Future Voters, First Installment	15,105.74
14-Jun-12	Future Voters, Secons Installment	15,797.79
8-Nov-12	Future Voters, Third Installment	15,519.47
1-May-12	DFID	7,110.38
1-Jun-12	DFID	4,921.75
1-Jun-12	DFID	16,804.03
1-Jul-12	DFID	7,219.67
1-Aug-12	DFID	9,461.66
1-Sep-12	DFID	10,020.10
1-Oct-12	DFID	12,015.60
31-May-12	DFA, First Installment for 2012	17,328.11
	DFA, Third Installment	7,001.73
11-Sep-12	BTD	18,608.92
9-Mar-12	British Elections	10,815.00
8-Nov-12	British Embassy, First Installment	11,268.00
14-Dec-12	British Embassy, Second Installment	9,823.00
1-Nov-12	British Council	17,112.85
1-May-12	NDI	1,200.00
1-Oct-12	NDI	1,400.00
26-Jan-12	CARE	1,000.00
1-Feb-12	CARE	6,000.00
26-Mar-12	CARE	3,000.00
29-Mar-12	CARE	9,000.00
30-Mar-12	CARE	9,000.00
23-May-12	CARE	4,500.00
11-Jul-12	CARE	4,500.00
24-Dec-12	OSCE	1,480.00
1-Dec-12	Norwegian Embassy	124,834.42
	French Embassy	5,000.00
<b>TOTAL FINANCING</b>		<b>376,848.22</b>

### 2. Projects

#### 2.1 British Council

Purpose:	Quantity:	Amount:		Expenses
<b>Travel:</b>				
1.1	35+7	11 Persons	462.00	MFA
1.2	60	11 Persons	660.00	MFA
1.3	300	11 Persons	3300.00	MFA
1.4	50	11 Persons	550.00	MFA
<b>Accommodation:</b>				

	100	11 Persons/2 nights		<b>2200.00</b>	
	100	11 Persons/1 night		<b>1100.00</b>	<b>4340.88</b>
<b>Meetings:</b>					
	800	2 days		1600.00	
	200	2 days		400.00	
	200		1	200.00	<b>1315.34</b>
<b>Meals</b>					
	30	11 Persons/2 days		660.00	
	40	11 Persons/2 nights		880.00	
	1000		1	1000.00	<b>1406.63</b>
<b>Implementation fee of the organizers</b>					
	5000		1	5000.00	
	5000		1	5000.00	<b>10050</b>
<b>Total:</b>			<b>23,012.00</b>	<b>23012.00</b>	<b>17112.85</b>

## 2.2 British Embassy

	Total	Total Euro	Expenses	Expenses Euro	Balance	Balance Euro
Analysis of Kosovo's implementation of Dialogue agreements	£ 12,000.00	€ 15,107.93	£ 12,139.98	€ 15,108.86	-£ 139.98	€ (0.93)
Press Conferences in Prishtina	£ 1,000.00	€ 1,258.99				
Printing and Translating Expenses	£ 1,800.00	€ 2,266.19				
Administration (part of rent, Phone, and utilities)	£ 2,100.00	€ 2,643.89	£ 2,077.22	€ 2,615.21	£ 22.78	€ 28.68
	<b>£ 16,900.00</b>	<b>€ 21,277.01</b>	<b>£ 14,217.20</b>	<b>€ 17,724.07</b>	<b>-£ 117.20</b>	<b>€ 27.75</b>

## 2.3 British Election

	Total	Total	unit/month	Expenses
Staff and administration (including project manager, rent and utilities)	GBP	Euro	Euro	Euro
Project Manager / Executive Director	£ 9,600.00	€ 10,797.12	€ 899.76	€ 8,995.55
Utilities (Cleaner, Electricity and office supply)	£ 2,400.00	€ 2,699.28	€ 224.94	€ 2,862.40
Rent	£ 6,000.00	€ 6,748.20	€ 562.35	€ 6,483.60
<b>Sub total</b>	<b>£ 18,000.00</b>	<b>€ 20,244.60</b>		
<b>Activities</b>				
Desk Research (including researchers and research assistants)	£ 6,000.00	€ 6,748.20	€ 1,687.05	€ 6,704.34
Desk Research (including researchers and research assistants)	£ 1,000.00	€ 1,124.70	€ 1,124.70	€ 1,179.00
Field Research (including researchers, research assistances, interview costs, communication costs, editing cost and translation cost)	£ 3,000.00	€ 3,374.10	€ 3,374.10	€ 3,153.33
Field Research (including researchers, research assistances, interview costs, communication costs, editing cost and translation cost)	£ 12,000.00	€ 13,496.40	€ 4,498.80	€ 14,840.65

Field Research (including researchers, research assistances, interview costs, communication costs, editing cost and translation cost)	£ 8,000.00	€ 8,997.60	€ 8,997.60	€ 8,969.15
Watchdog Activities (including policy brief writings and editing)	£ 1,000.00	€ 1,124.70	€ 562.35	€ 1,089.00
Advocacy (including meetings, travel and representation)	£ 2,500.00	€ 2,811.75	€ 2,811.75	€ 4,980.00
Campaign (including production and airing of TV campaign clips)	£ 16,000.00	€ 17,995.20	€ 17,995.20	€ 17,988.10
Auditing (independent auditing company)	£ 1,000.00	€ 1,124.70	€ 1,124.70	€ 996.00
Other Cost	£ 600.00	€ 674.82	€ 56.24	€ 848.40
<b>Sub total</b>	<b>£ 51,100.00</b>	<b>€ 57,472.17</b>		
<b>TOTAL</b>	<b>£ 69,100.00</b>	<b>€ 77,716.77</b>		<b>€ 79,089.52</b>

## 2.4 BTD

Human Resources	Total	Expenses	Balance EUR	Expenses	Balance USD
Executive Director	€ 2,171.04	€ 2,200.45	€ (29.41)	\$2,799.14	\$ 0.86
Finance Manager	€ 814.14	€ 825.12	€ (10.98)	\$1,049.62	\$ 0.38
Project Coordinator	€ 2,713.80	€ 2,750.42	€ (36.62)	\$3,498.75	\$ 1.25
Senior Researcher	€ 4,342.08	€ 4,400.70	€ (58.62)	\$5,598.03	\$ 1.97
<b>Total</b>	<b>€ 10,041.06</b>	<b>€ 10,176.69</b>	<b>€ (135.63)</b>	<b>\$12,945.54</b>	<b>\$ 4.46</b>
<b>Travel Expenses</b>					
Travel to Brussels	€ 4,962.38	€ 4,971.33	€ (8.95)	\$6,411.54	\$ (11.54)
<b>Total</b>	<b>€ 4,962.38</b>	<b>€ 4,971.33</b>	<b>€ (8.95)</b>	<b>\$6,411.54</b>	<b>\$ (11.54)</b>
<b>Administration Cost</b>					
Translation in 2 languages	€ 604.79	€ 627.27	€ (22.48)	\$798.24	\$ (18.24)
Office Supplies	€ 81.41	€ 73.75	€ 7.66	\$94.17	\$ 10.83
Utilities	€ 81.41	€ 77.91	€ 3.50	\$99.85	\$ 5.15
Communication	€ 434.21	€ 423.69	€ 10.52	\$543.45	\$ 16.55
Rent	€ 1,628.28	€ 1,658.11	€ (29.83)	\$2,108.91	\$ (8.91)
<b>Total</b>	<b>€ 2,830.11</b>	<b>€ 2,860.73</b>	<b>€ (30.62)</b>	<b>\$3,644.62</b>	<b>\$ 5.38</b>
<b>Indirect Cost</b>					
Kipred Indirect Costs	€ 775.37	€ 776.94	€ (1.57)	\$998.29	\$ 1.71
<b>Total</b>	<b>€ 775.37</b>	<b>€ 776.94</b>	<b>€ (1.57)</b>	<b>\$998.29</b>	<b>\$ 1.71</b>
<b>Total Cost</b>	<b>€ 18,608.92</b>	<b>€ 18,785.69</b>	<b>€ (176.77)</b>	<b>\$24,000.00</b>	<b>\$ (0.00)</b>

## 2.5 DFA Budget

		Budget Approved	Actual Project Budget Spent
		Total	Expenses
		Euro	Euro
<b>Admin</b>			
1.1	Executive Director / Project Manager (part time)	€ 4,332.60	€ 3,371.00
1.2	Financial Officer (Part-time)	€ 2,988.00	€ 2,184.00
	Sub Total	<b>€ 7,320.60</b>	<b>€ 5,555.00</b>

<b>Research Cost</b>			
2.1	Research cost (Researchers and Research assistants as needed)	€ 15,537.60	€ 24,967.30
2.2	Editing cost of the papers in three languages	€ 1,294.80	-
2.3	Translation cost 2 languages 30 page 30x2x12	€ 821.70	€ 700.00
2.4	Printing the publication in hard copy (100 Albanian, 50 English, 50 Serbian)	€ 664.00	
2.5	Transport and interview cost	€ 971.10	€ 452.11
2.6	Round table and press conference (Rent hall and conference materials)	€ 539.50	
	Sub Total	<b>€ 19,828.70</b>	<b>€ 26,119.41</b>
<b>Advocacy</b>			
3.1	Media Appearance	€ -	
3.2	Informal meetings with stakeholders	€ 1,195.20	€ 606.31
	Sub Total	<b>€ 1,195.20</b>	<b>€ 606.31</b>
<b>Indirect cost</b>			
4.1	Office supply (tonner for printer, white papers, etc)	€ 485.55	€ 359.65
4.2	Utilities	€ 485.55	€ 163.39
4.3	Communication cost (internet, land line telephone and cell phone)	€ 971.10	€ 885.83
4.4	Rent (30%)	€ 2,913.30	€ 1,092.75
	Sub Total	<b>€ 4,855.50</b>	<b>€ 2,501.62</b>
<b>Other cost</b>			
5.1	KIPRED fee for unexpected costs	€ 1,660.00	
	Sub Total	<b>€ 1,660.00</b>	
<b>TOTAL</b>		<b>€ 34,860.00</b>	<b>€ 34,782.34</b>

## 2.6 DFID

<b>SALARIES AND BENEFITS</b>	<b>Total</b>
Project coordinator/Researcher	£ 9,000.00
Financial Officer	£ 1,080.00
<b>OFFICE EXPENSES</b>	£ -
Rent	£ 2,700.00
Utilities	£ 162.17
Office Supplies and Maintenance	£ 327.54
Communication	£ 358.75
Local Travel	£ 186.06
<b>PROJECT ACTIVITIES</b>	£ -
Senior Researcher	£ 2,700.00

Researcher 1	£ 7,200.00
Researcher 2	£ 7,200.00
Study Visit	£ 12,061.80
Producing Handbook for Study Visit	£ 58.07
Exchange with other PACs	£ -
Printing and Translating Performance Report	£ -
Printing and Translating Annual Report	£ 500.43
Printing and Translating Semi-Annual Report	£ 492.51
Printing and Translating Internal Rules of Procedures	£ 495.68
Organization of Round Tables on Oversight of Public Finances	£ 831.55
Printing and Translating from Round Table	£ 468.81
Organization of Public Hearing on Review of Annual Audit Report on Municipalities	£ 1,996.55
Tranning on Public Relations and Communication	£ 1,990.17
<b>AUDIT</b>	£ 974.16
<b>EMPLOYER PENSION CONTRIBUTION (5%)</b>	£ 1,359.00
<b>OVERHEAD (KIPRED FEE) 5%</b>	£ 1,800.00
<b>Total Cost</b>	<b>£ 53,943.25</b>

## 2.7 Future Voters

	Total	Expenses	Balance EUR	Expenses USD	Balance USD
<b>1. Personnel</b>					
Project coordinator	19,328€	14,780.00€	4,548.00€	\$19,120.23	\$6,479.77
Project Assistant	9,060€	6,820.34€	2,239.66€	\$8,807.77	\$3,192.23
Project Assistant	9,060€	6,808.34€	2,251.66€	\$8,792.24	\$3,207.76
KIPRED financial accountant (part time)	2,416€	1,713.98€	702.02€	\$2,213.47	\$986.53
KIPRED PR Officer (Part-time)	906€	0.00€	906.00€	\$0.00	\$1,200.00
<b>2. Travel</b>					
KIPRED domestic travel funds for PC	3,624€	835.03€	2,788.97€	\$1,082.91	\$3,717.09
KIPRED domestic travel funds for Project Assistants	3,398€	721.09€	2,676.41€	\$936.53	\$3,563.47
Travel Cost for Students for statewide youth assembly in Prishtina	13,590€	0.00€	13,590.00€	\$0.00	\$18,000.00
<b>3. Trainers</b>					
Three trainers in each target city to assist KIPRED staff	3,171€	623.44€	2,547.56€	\$799.32	\$3,400.68
<b>4. Other Costs</b>					
Refreshments:14 meetings of MYCs	4,228€	176.60€	4,051.40€	\$228.88	\$5,371.12
Refreshments: 1 statewide youth assembly meeting	1,510€	0.00€	1,510.00€	\$0.00	\$2,000.00
Facility rental costs for MYC and statewide assembly meetings	1,133€	0.00€	1,132.50€	\$0.00	\$1,500.00
Utilities @ \$250 per month for 16 months	3,020€	2,052.99€	967.01€	\$2,650.86	\$1,349.14
Communications @ \$300 per month for 16months	3,624€	2,848.45€	775.55€	\$3,690.04	\$1,109.96
KIPRED office supplies @ \$150 per month for 16 months	1,812€	1,168.67€	643.33€	\$1,451.43	\$948.57

Translation services (Albanian-Eng/Eng-Albanian)	1,510€	276.00€	1,234.00€	\$362.52	\$1,637.48
Representation	2,416€	384.00€	2,032.00€	\$498.82	\$2,701.18
<b>Total Direct Cost</b>	<b>83,805€</b>	<b>39,208.93€</b>	<b>44,596.07€</b>	<b>\$50,635.03</b>	<b>\$60,364.97</b>

## 2.8 Norwegian Embassy

	Unit	Price	Total	Expenses	Balance
Executive Director (Part - Time 50%)	12	€ 1,200.00	€ 14,400.00	€ 1,200.00	€ 13,200.00
Finance Manager (Part - Time 30%)	12	€ 400.00	€ 4,800.00	€ 400.00	€ 4,400.00
Project Coordinator/Senior Researcher (Full Time)	12	€ 2,000.00	€ 24,000.00	€ 2,000.00	€ 22,000.00
			<b>€ 43,200.00</b>	<b>€ 3,600.00</b>	<b>€ 39,600.00</b>
1 Researcher (Full Time)	12	€ 1,300.00	€ 15,600.00	€ 1,300.00	€ 14,300.00
1 Research Assistant (Full Time)	12	€ 800.00	€ 9,600.00	€ 799.80	€ 8,800.20
Editing Cost	2.5	€ 500.00	€ 1,250.00		€ 1,250.00
Translation in two languages	200	€ 10.00	€ 2,000.00		€ 2,000.00
2 Advocacy	1	€ 3,050.00	€ 3,050.00		€ 3,050.00
Office Supply (tonner, paper, etc)	12	€ 50.00	€ 600.00	€ 50.67	€ 549.33
Utilities	12	€ 50.00	€ 600.00	€ 50.00	€ 550.00
Communication Cost	12	€ 50.00	€ 600.00	€ 23.20	€ 576.80
Rent (30%)	12	€ 360.00	€ 4,320.00	€ 360.00	€ 3,960.00
			<b>€ 37,620.00</b>	<b>€ 2,583.67</b>	<b>€ 35,036.33</b>
1 Trainer	12	€ 1,350.00	€ 16,200.00		€ 16,200.00
1 Research Assistant / Project Assitant (Full Time)	12	€ 800.00	€ 9,600.00		€ 9,600.00
Course Materials	1.5	€ 400.00	€ 600.00		€ 600.00
Translation for course materials	123	€ 10.00	€ 1,230.00		€ 1,230.00
Office Supply (tonner, paper, etc)	12	€ 50.00	€ 600.00	€ 51.00	€ 549.00
Utilities	12	€ 50.00	€ 600.00	€ 50.00	€ 550.00
Communication Cost	12	€ 70.00	€ 840.00		€ 840.00
Rent (100%) extra space	12	€ 600.00	€ 7,200.00		€ 7,200.00
			<b>€ 36,870.00</b>	€ 101.00	<b>€ 36,769.00</b>
KIPRED indirect costs 8%	1	€ 7,296.78	€ 7,296.78		€ 7,296.78
			<b>€ 7,296.78</b>	€ -	<b>€ 7,296.78</b>
<b>Total</b>			<b>€ 124,986.78</b>	<b>€ 6,284.67</b>	<b>€ 118,702.11</b>

