

**KOSOVAR INSTITUTE FOR POLICY RESEARCH AND DEVELOPMENT
(‘KIPRED’)**

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS’ REPORT

For the year ended 31 December 2018



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INDEPENDENT'S AUDITOR REPORT

To: Management of "Kosovar Institute for Policy Research and Development – KIPRED"

Opinion

We have audited financial statements of 'KIPRED' (the Organization) which comprises the statement of financial position as at 31 December 2018, and the income statement, statement of changes in net assets for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Organization, for the year ended 31 December 2018 are prepared, in all material respects, in accordance with the financial reporting requirement of organization and relevant laws in Kosovo.

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 Zeka
Statutory Auditor



Baker Tilly Kosovo
10 April 2019

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Baker Tilly Kosovo L.L.C.
Prishtinë

Kosovar Institute for Policy Research and Development - KIPRED
Statement of Financial Position
As at 31 December 2018
(All amounts in Euro)

As at 31 December		2018	2017
Assets	<i>Notes</i>		
Fixed Assets			
Property, Plant and Equipment		-	-
Total Fixed Assets		-	-
Current Assets			
Cash and Cash Equivalents	3	16,354	35,334
Receivables	4	27,037	13,194
Prepayments		-	-
Total Current Assets		43,391	48,528
Total Assets		43,391	48,528
Liabilities and Equity			
Short-term Liabilities			
Accounts Payable	5	7,594	4,236
Deferred Income	6	35,797	44,292
Total Short-term Liabilities		43,391	48,528
Equity			
Balance carried forward		-	-
Net Profit		-	-
Total Equity		-	-
Total Liabilities and Equity		43,391	48,528

Approved by:

Lulzim Peci, Executive Director



The notes and accompanying notes from 1 to 13 of the financial statements are an integral part of them

Kosovar Institute for Policy Research and Development - KIPRED
Income Statement
For the year ended 31 December 2018
(All amounts in Euro)

For the year ended as at 31 December		2018	2017
Incomes	<i>Notes</i>		
Grants for projects	6	195,118	151,161
Total incomes		195,118	151,161
Expenses			
Contract Services	7	-	(1,370)
Facilities and Equipment	8	(14,033)	(10,516)
Operations	9	(20,566)	(18,893)
Travel and Meetings	10	(5,418)	(2,475)
Payroll	11	(152,982)	(113,833)
Other		-	-
Total Expenses		(192,999)	(147,086)
Extraordinary expenses	12	(2,120)	(4,075)
Profit / (loss) Net		-	-

The notes and accompanying notes from 1 to 13 of the financial statements are an integral part of them

Kosovar Institute for Policy Research and Development - KIPRED
Notes to the Financial Statements
For the year ended 31 December 2018
(All amounts in Euro)

1. Introduction

Kosovar Institute for Policy Research and Development – KIPRED is registered as a nongovernmental and a not for profit organization based on UNMIK rule 1999/22 (then Law No. 04/L-57), date of 11 November 2003 with registration number 5200105-6, fiscal number 600256508 with registered Head Office in street Major Mehmet Bushi Hy 3/1, 10000 Prishtinë, Kosovë.

Mission

KIPRED's mission is the promotion and consolidation of democracy and democratic values in Kosovo and in the region through independent research, capacity development and institution building.

2. Summary of significant accounting policies

2.1 Basis for presentation

For the purposes of financial recording, Kosovar Institute for Policy Research and Development - KIPRED uses accrual method of accounting for reporting the receipt and disbursement of funds. Under this method of reporting of financial transactions, revenues and expenses are recognized when earned and occurred.

2.2 Functional currency

Kosovar Institute for Policy Research and Development incurs transactions in Euros. All amounts reported in the financial report have been translated to EURO using published exchange rates in effect at date of transfers received.

2.3 Receivables

The accounts receivable of the organization consists of receivables that organization collects from reimbursement of VAT payed for European Commission's project.

2.4 Accounts Payables

Organization's accounts payable consists of the wage payable for December including withholding taxes and pension contributions on wages, rent taxes and other payables.

2.5 Deferred Income

Deferred Income is the income/donation for which the cash has been collected by the organization, but have yet to be earned. Consequently, this liability occurs when Kosovar Institute for Policy Research and Development receives payment in advance for a project to be implemented in future.

2.6 Income taxes

The organization is a non-governmental organization (NGO) whose received donations in the reporting year have been implemented for non-profit purposes. According to law Nr. Nr.03 / L'162 on Corporate Income Tax, NGOs' whose total income was used for their nonprofit purposes are tax exempted.

Kosovar Institute for Policy Research and Development - KIPRED
 Notes to the Financial Statements
 For the year ended 31 December 2018
 (All amounts in Euro)

3. Cash and cash equivalents

At 31 December	2018	2017
Cash in the bank	16,231	35,300
Cash on hand	123	34
Total Cash and cash equivalent	16,354	35,334

4. Receivables

The accounts receivable of the organization as at 31 December 2018 (31 December 2017) consists of receivables that organization collects from reimbursement of VAT paid for European Commission's project. Also as at 31 December 2018 (31 December 2017) organization has advance payments as below:

As at 31 December	2018	2017
Receivable VAT	4,035	3,950
Advance payment	23,002	9,244
Total	27,037	13,194

5. Accounts payable

At 31 December	2018	2017
Salary payable	4,487	3,061
Tax payable for rent	54	-
Other payables	3,053	1,175
Total Accounts Payable	7,594	4,236

Kosovar Institute for Policy Research and Development - KIPRED
Notes to the Financial Statements
For the year ended 31 December 2018
(All amounts in Euro)

6. Incomes / Deferred Income

For the year ended 31 December	2018	2017
Opening balance deferred income	44,292	30,438
Received during the year:	-	-
European Commission	139,509	115,979
ATRC	37,547	-
KFOS	7,300	-
IKD	2,267	-
KCSF	-	49,000
Other (fee reimbursement and employee contributions)	-	36
Total	230,915	195,453
Expensed during the year	195,118	151,161
Closing balance	35,797	44,292

Deferred Income is the income/donation for which the cash has been collected by the organization, but have not yet been earned. Consequently, this liability occurs when Kosovar Institute for Policy Research and Development receives payment in advance for a project to be implemented in future. For the year ended 31 December the deferred revenues were 35,797 Euro.

7. Contract Services

For the year ended 31 December	2018	2016
Contract Services	-	1,370
Total Contract Services	-	1,370

Contract services are expenses on the basis of contracts that the organization has with UBO – Consulting and GLPS (31 December 2017).

Kosovar Institute for Policy Research and Development - KIPRED
 Notes to the Financial Statements
 For the year ended 31 December 2018
 (All amounts in Euro)

8. Facilities and Equipment

For the year ended 31 December	2018	2017
Equipment Rental and Maintenance	799	305
Utilities	1,953	154
Office rent	11,280	9,950
Other Expenses	-	107
Property Insurance	-	-
Total Facilities and Equipment	14,033	10,516

9. Operations

For the year ended as at 31 December	2018	2017
Printing and copy	800	-
Postal expenses and books	50	-
Supplies	1,157	3,168
Phone	1,511	2,311
Other operative expenses	3,489	702
Training /(seminars)	12,050	12,375
Bank fee	1,509	337
Total Operations Expenses	20,566	18,893

10. Travel and Meetings

For the year ended 31 December	2018	2017
Conference, Convention, Meeting	4,136	1,597
Travel	1,282	878
Total Travel and Meetings	5,418	2,475

11. Salary

For the year ended 31 December	2018	2017
Gross Payroll	102,069	75,365
Employer Pension Contribution	4,713	3,768
Other payroll expenses	46,200	34,700
Total salary expenses	152,982	113,833

Kosovar Institute for Policy Research and Development - KIPRED
Notes to the Financial Statements
For the year ended 31 December 2018
(All amounts in Euro)

12. Extraordinary expenses

Extraordinary expenses represent the remaining funds at the end of the project that have been returned to donors.

For the year ended as at 31 December	2018	2017
Return of unspent funds - OPIC	-	-
Return of unspent funds - RRPP	-	2,602
Return of unspent funds - KCSF	2,120	1,473
Total returned funds	2,120	4,075

13. Subsequent events

None.