

**KOSOVAR INSTITUTE FOR POLICY RESEARCH AND
DEVELOPMENT ('KIPRED')**

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

For the year ended 31 December 2020 and 31 December 2019

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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 2020 and 31 December 2019, 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 2020 and 31 December 2019 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 Krasniqi
Statutory Auditor

Quatra Audit Int. L.L.C.
06 February 2022



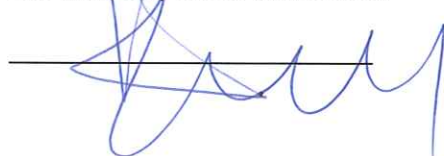
KOSOVAR INSTITUTE FOR POLICY RESEARCH AND DEVELOPMENT - KIPRED**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2020 and 31 December 2019

(All amounts in Euro)

As at 31 December		2020	2019
	<i>Notes</i>		
Assets			
Fixed Assets			
Property, Plant and Equipment		-	-
Total Fixed Assets		-	-
Current Assets			
Cash and Cash Equivalents	3	58,393	26,919
Accounts Receivable	4	4,069	4,069
Total Current Assets		62,462	30,988
Total Assets		62,462	30,988
Liabilities and Equity			
Equity			
Balance carried forward		-	-
Net Profit		-	-
Total Equity		-	-
Short-term Liabilities			
Accounts Payable	5	9,637	14,579
Deferred Income	6	52,825	16,409
Total Short-term Liabilities		62,462	30,988
Total Liabilities and Equity		62,462	30,988

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 2020 and 31 December 2019

(All amounts in Euro)

For the year ended as at 31 December		2020	2019
	<i>Notes</i>		
Incomes			
Grants for projects	6	99,815	151,699
Total incomes		99,815	151,699
Expenses			
Contract Services	7	(42)	(3,000)
Facilities and Equipment	8	(8,048)	(13,032)
Operations	9	(3,870)	(5,294)
Travel and Meetings	10	(2,320)	(4,448)
Payroll	12	(85,083)	(115,077)
Other	11	(453)	(10,848)
Total Expenses		(99,815)	(151,699)
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**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2020 and 31 December 2019

All amounts in Euro

For the year ended 31 December	2020	2019
I. Cash flow from operating activities		
Profit (loss) of the year	-	-
<i>Corrected for:</i>		
Depreciation	-	-
(Increase) / decrease in trade and other receivables	-	22,968
Increase / (decrease) in trade payables	(4,942)	6,985
Increase / (decrease) in other and tax payables	36,416	(19,388)
Cash generated from operating activities	31,475	10,565
Net cash flow from operating activities (I)	31,475	10,565
II. Cash flow from investment activities		
Purchases of property, plant and equipment	-	-
Net cash flow from investment activities(II)	-	-
III. Cash flow from financing activities		
Adjustments in fund balance	-	-
Net cash flow from financing activities (III)	-	-
IV. Net cash and cash equivalents (I + II + III)	31,475	10,565
V. Cash and Equivalents at the Beginning of the Year / Period	26,919	16,354
VI. Cash and cash equivalents at the beginning of the year / period (IV + V)	58,393	26,919

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 2020 and 31 December 2019

(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 Rr.Major Mehmet Bushi Hy.III. Nr.01, 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 paid 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020 and 31 December 2019

(All amounts in Euro)

3. Cash and cash equivalents

At 31 December	2020	2019
Cash in the bank	58,259	26,585
Cash on hand	135	334
Total Cash and cash equivalent	58,393	26,919

4. Account Receivable

The accounts receivable of the organization as at 31 December 2020(31 December 2019) consists of receivables that organization collects from reimbursement of VAT payed for European Commission's project. Also as at 31 December 2020(31 December 2019) organization has advance payments as below:

As at 31 December	2020	2019
Receivable VAT	4,069	4,069
Advance payment	-	-
Total	4,069	4,069

5. Accounts payable

At 31 December	2020	2019
Salary payable	5,378	5,365
Pension Contribution payable	412	633
Tax on salary payable	306	460
Other payables	3,541	8,120
Total Accounts Payable	9,637	14,578

KOSOVAR INSTITUTE FOR POLICY RESEARCH AND DEVELOPMENT – KIPRED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020 and 31 December 2019

(All amounts in Euro)

6. Incomes / Deferred Income

For the year ended 31 December	2020	2019
Opening balance deferred income	16,409	35,797
Received during the year:		
European Commission	-	16,426
ATRC	27,030	51,752
KFOS/OPIC	-	16,992
KCSF	(1,451)	47,140
CES	3,988	-
CONNEKT	60,357	-
DPS	802	-
OIP	31,320	-
ZINC Network	14,186	-
Total	152,641	168,108
Expensed during the year	99,815	151,699
Closing balance	52,825	16,409

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 2020 the deferred revenues were 52,825Euro (2019: 16,409Eur).

KOSOVAR INSTITUTE FOR POLICY RESEARCH AND DEVELOPMENT – KIPRED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020 and 31 December 2019

(All amounts in Euro)

7. Contract Services

For the year ended 31 December	2020	2019
Contract Services	42	3,000
Total Contract Services	42	3,000

8. Facilities and Equipment

For the year ended 31 December	2020	2019
Equipment Rental and Maintenance	708	291
Office rent	7,200	11,140
Utilities	-	587
Other Expenses	140	1,014
Total Facilities and Equipment	8,048	13,032

9. Operations

For the year ended as at 31 December	2020	2019
Design and book	-	-
Printing and copy	500	146
Supplies	1,045	2,528
Phone	1,053	914
Other operative expenses	404	89
E-mails	175	427
Translation	500	-
Publication	79	714
Training /(seminars)	114	477
Total Operations Expenses	3,870	5,294

10. Travel and Meetings

For the year ended 31 December	2020	2019
Food/entertainment expenses	179	1,802
Expenses for conference rooms	721	821
Transport costs	1,419	1,575
Expenses of training sessions/others	-	250
Total	2,320	4,448

KOSOVAR INSTITUTE FOR POLICY RESEARCH AND DEVELOPMENT – KIPRED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020 and 31 December 2019

(All amounts in Euro)

11. Payroll expenses

For the year ended 31 December	2020	2019
Gross Payroll	81,408	110,888
Employer Pension Contribution	3,675	4,189
Total salary expenses	85,083	115,077

12. Other expenses

For the year ended 31 December	2020	2019
Bank fees	453	580
Costs for focus groups	-	4,939
Other expenses	-	5,330
Total	453	10,848

13. Subsequent events

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