

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

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

For the year ended 31 December 2022 and 31 December 2021

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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 2022 and 31 December 2021, 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 2022 and 31 December 2021 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



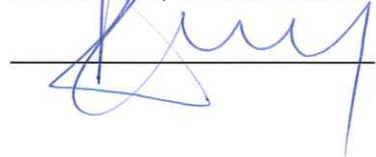
KOSOVAR INSTITUTE FOR POLICY RESEARCH AND DEVELOPMENT - KIPRED**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2022 and 31 December 2021

(All amounts in Euro)

As at 31 December		2022	2021
	<i>Notes</i>		
Assets			
Fixed Assets			
Property, Plant and Equipment		-	-
Total Fixed Assets		<u>-</u>	<u>-</u>
Current Assets			
Cash and Cash Equivalents	3	43,044	46,260
Receivables	4	4,150	4,069
Total Current Assets		<u>47,194</u>	<u>50,329</u>
Total Assets		<u>47,194</u>	<u>50,329</u>
Liabilities and Equity			
Equity			
Balance carried forward		-	-
Net Profit		-	-
Total Equity		<u>-</u>	<u>-</u>
Short-term Liabilities			
Accounts Payable	5	9,892	9,197
Deferred Income	6	37,302	41,132
Total Short-term Liabilities		<u>47,194</u>	<u>50,329</u>
Total Liabilities and Equity		<u>47,194</u>	<u>50,329</u>

Approved by:

Lulzim Peci, Executive Director

The notes and accompanying notes from 1 to 12 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 2022 and 31 December 2021
(All amounts in Euro)

For the year ended as at 31 December		2022	2021
	<i>Notes</i>		
Incomes			
Grants for projects	6	68,197	47,683
Total incomes		68,197	47,683
Expenses			
Contract Services		-	-
Facilities and Equipment	7	(6,077)	(7,034)
Operations	8	(2,839)	(2,785)
Travel and Meetings	9	(1,068)	(2)
Payroll	10	(57,821)	(37,205)
Other	11	(392)	(658)
Total Expenses		(68,197)	(47,683)
Profit / (loss) Net		-	-

The notes and accompanying notes from 1 to 12 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 2022 and 31 December 2021

All amounts in Euro

For the year ended 31 December	2022	2021
I. Cash flow from operating activities		
Profit (loss) of the year	-	-
<i>Corrected for:</i>		
Depreciation	-	-
(Increase) / decrease in trade and other receivables	(81)	-
Increase / (decrease) in trade payables	695	(424)
Increase / (decrease) in other and tax payables	(3,829)	(11,710)
Cash generated from operating activities	(3,216)	(12,133)
Net cash flow from operating activities (I)	(3,216)	(12,133)
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)	(3,216)	(12,133)
V. Cash and Equivalents at the Beginning of the Year / Period	46,260	58,393
VI. Cash and cash equivalents at the beginning of the year / period (IV + V)	43,044	46,260

The notes and accompanying notes from 1 to 12 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 2022 and 31 December 2021

(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 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 2022 and 31 December 2021

(All amounts in Euro)

3. Cash and cash equivalents

At 31 December	2022	2021
Cash in the bank	42,940	46,125
Cash on hand	105	135
Total Cash and cash equivalent	43,044	46,260

4. Receivables

The accounts receivable of the organization as at 31 December 2022(31 December 2021) consists of receivables that organization collects from reimbursement of VAT payed for European Commission's project.Also as at 31 December 2022 (31 December 2021)organization has advance payments as below:

As at 31 December	2022	2021
Receivable VAT	4,069	4,069
Advance payment	81	-
Total	4,150	4,069

5. Accounts payable

At 31 December	2022	2021
Salary payable	5,477	5,354
Pension Contribution payable	365	317
Tax on salary payable	259	222
Other payables	3,791	3,304
Total Accounts Payable	9,892	9,197

KOSOVAR INSTITUTE FOR POLICY RESEARCH AND DEVELOPMENT – KIPRED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022 and 31 December 2021

(All amounts in Euro)

6. Incomes / Deferred Income

For the year ended 31 December	2022	2021
Opening balance deferred income	41,132	52,826
Received during the year:		
European Commission	-	(1,274)
CES	12,000	10,500
CONNEKT	20,178	-
DPS	-	6,014
OIP	4,404	14,348
DCAF	11,176	880
ZINC Network	-	5,522
EXOIP	16,610	
Total	105,499	88,815
Expensed during the year	68,197	47,683
Closing balance	37,302	41,132

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 2022 the deferred revenues were 37,302 Euro (2021: 41,132 Eur).

KOSOVAR INSTITUTE FOR POLICY RESEARCH AND DEVELOPMENT – KIPRED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022 and 31 December 2021

(All amounts in Euro)

7. Facilities and Equipment

For the year ended 31 December	2022	2021
Equipment Rental and Maintenance	677	434
Office rent	5,400	6,600
Total Facilities and Equipment	6,077	7,034

8. Operations

For the year ended as at 31 December	2022	2021
Design and book	700	-
Printing and copy	15	-
Supplies	215	1,387
Phone	1,264	1,398
Other operative expenses	645	-
Total Operations Expenses	2,839	2,785

9. Travel and Meetings

For the year ended 31 December	2022	2021
Expenses for conference rooms	411	-
Transport costs	657	2
Total	1,068	2

10. Payroll expenses

For the year ended 31 December	2022	2021
Gross Payroll	55,224	35,532
Employer Pension Contribution	2,597	1,673
Total salary expenses	57,821	37,205

KOSOVAR INSTITUTE FOR POLICY RESEARCH AND DEVELOPMENT – KIPRED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022 and 31 December 2021

(All amounts in Euro)

11. Other expenses

For the year ended 31 December	2022	2021
Bank fees	392	348
Other expenses	-	310
Total	392	658

12. Subsequent events

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