

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

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

For the year ended 31 December 2015



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INDEPENDENT AUDITOR'S REPORT

To: Kosovar Institute for Policy Research and Development management

We have audited the accompanying financial statements of the Kosovar Institute for Policy Research and Development ("KIPRED"), which comprises of statement of financial position as of 31 December 2015, statement of comprehensive income for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of KIPRED, office in Pristina based on the financial reporting requirement for non-governmental organizations in Kosovo.

Management's Responsibility for the financial report

Management is responsible for the preparation of these financial statements in accordance with the financial reporting provisions and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial considers internal control relevant to the entity's preparation of the financial report 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 financial report.

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 KIPRED, for the year ended 31 December 2015 are prepared, in all material respects, in accordance with the financial reporting requirement for non-governmental organizations in Kosovo.

Lulzim Zeka
Statutory Auditor

Baker Tilly Kosovo
14 June 2016

Kosovar Institute for Policy Research and Development - KIPRED
Statement of Financial Position
As at 31 December 2015
(All amounts in Euro)

	Notes	2015	2014
Assets			
Fixed Assets			
Property, Plant and Equipment		-	-
Total Fixed Assets		-	-
Current Assets			
Cash and Cash Equivalents	3	85,563.58	6,672.86
Receivables	4	2,106.86	-
Prepayments	5	19,817.70	32,640.00
Total Current Assets		107,488.14	39,312.86
Total Assets		107,488.14	39,312.86
Liabilities and Equity			
Short-term Liabilities			
Accounts Payable	6	16,233.60	16,945.14
Deferred Income	7	91,254.54	22,367.72
Total Short-term Liabilities		107,488.14	39,312.86
Equity			
Balance carried forward		-	-
Net Profit		-	-
Total Equity		0.00	0.00
Total Liabilities and Equity		107,488.14	39,312.86

Approved by:

Lulzim Peci, Executive Director

Kosovar Institute for Policy Research and Development - KIPRED

Income Statement

For the year ended 31 December 2015

(All amounts in Euro)

	Notes	2015	2014
Incomes			
Grants for projects	7	171,391.85	200,603.63
Total incomes		171,391.85	200,603.63
Expenses			
Contract Services	8	3,448.25	12,477.57
Facilities and Equipment	9	14,550.29	21,872.75
Operations	10	7,075.75	9,460.19
Travel and Meetings	11	7,046.56	10,175.25
Payroll	12	107,894.94	146,102.22
Other		31,376.06	515.65
Total Expenses		171,391.85	200,603.63
Profit / (loss) Net		0.00	0.00

Kosovar Institute for Policy Research and Development - KIPRED

Notes to the Financial Statements

For the year ended 31 December 2015

(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 Abdyl Frashëri No.44, Rexhep Mala No.5A, 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.

Kosovar Institute for Policy Research and Development - KIPRED
Notes to the Financial Statements
For the year ended 31 December 2015
(All amounts in Euro)

3. Cash and cash equivalents

At 31 December	2015	2014
Cash in the bank	85,366.17	6,548.85
Cash on hand	197.41	124.01
Total Cash and cash equivalent	85,563.58	6,672.86

4. Receivables

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

5. Prepayments

Prepayments at the end of the year to 31 December 2015 are Euro 19,817.70. Prepayments consist of advances given to Syri Vizionit, partner organization which the organization is the leader of the consortium on the project funded by European Commission.

6. Accounts payable

At 31 December	2015	2014
Salary payable	15,514.13	13,404.97
Tax payable for rent	459.00	559.00
Other payables	260.47	2,981.17
Total Accounts Payable	16,233.60	16,945.14

Kosovar Institute for Policy Research and Development - KIPRED
Notes to the Financial Statements
For the year ended 31 December 2015
(All amounts in Euro)

7. Incomes / Deferred Income

For the year ended 31 December	2015	2014
Opening balance deferred income	22,367.72	137,494.00
Received during the year:		
European Commission	88,917.10	0.00
Royal Norwegian Embassy	20,032.81	10,020.46
Olof Palme International Center	36,649.12	38,415.32
GIZ	2,435.70	5,894.00
KCSF	80,000.00	0.00
RRPP	12,243.94	10,482.34
Unibank - Shkup	0.00	153.21
OSCE	0.00	3,927.00
British Council	0.00	3,600.00
OSCE	0.00	7,480.00
Royal Netherland	0.00	2,560.00
Think & Link - Belgium	0.00	2,946.00
Total	240,278.67	85,478.33
Expensed during the year	171,391.85	200,603.63
Closing balance	91,254.54	22,367.72

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 91,254.54 Euro.

8. Contract Services

For the year ended 31 December	2015	2014
Contract Services	3,448.25	12,477.57
Total Contract Services	3,448.25	12,477.57

Contract services are expenses on the basis of contracts that the organization has with UBO Consulting and Artmotion.

Kosovar Institute for Policy Research and Development - KIPRED
Notes to the Financial Statements
For the year ended 31 December 2015
(All amounts in Euro)

9. Facilities and Equipment

For the year ended 31 December	2015	2014
Equipment Rental and Maintenance	795.60	818.90
Utilities	2,314.69	3,582.85
Office rent	5,880.10	17,471.00
Other Expenses	5,519.90	0.00
Property Insurance	40.00	0.00
Total Facilities and Equipment	14,550.29	21,872.75

10. Operations

For the year ended 31 December	2015	2014
Printing and Copying	3,543.02	2,741.39
Supplies	1,944.99	1,908.25
Telephone, Telecommunications	1,587.74	4,810.55
Total Operations Expenses	7,075.75	9,460.19

11. Travel and Meetings

For the year ended 31 December	2015	2014
Conference, Convention, Meeting	5,255.96	4,854.20
Travel	1,790.60	5,321.05
Total Travel and Meetings	7,046.56	10,175.25

12. Salary

For the year ended 31 December	2015	2014
Gross Payroll	102,792.82	139,461.21
Employer Pension Contribution	5,102.12	6,641.01
Total Salary	107,894.94	146,102.22