



INICIATIVA KOSOVARE PËR STABILITET
KOSOVAR STABILITY INITIATIVE

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KOSOVAR STABILITY INITIATIVE
IKS
Financial Statements and Independent Auditors' Report
December 31, 2020**

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Independent Auditors' Report

To the management of Kosovar Stability Initiative

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Kosovar Stability Initiative (further referred to as "the Organization" or "IKS") which comprise of the Statement of Financial Position as at 31 December 2020, and the Statement of Comprehensive Income, Statement of changes in funds and Statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, included on pages 6 to 16.

In our opinion the financial statements present fairly, in all material respects, the financial position of the Organization as of 31 December 2020, and its financial performance, changes in funds and its cash flows for the year then ended in accordance with the Generally Accepted Accounting principles.

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 Kosova, and we have 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined there are no key audit matters to be communicated in our report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Generally Accepted Accounting Principles 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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 the 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 the 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 the 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 Company'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 the 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 Company's ability to continue as a 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 our auditor's report. However, future events or conditions may cause the Company 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.

Audit & Conto L.L.C.


Ymer Shatri
Statutory Auditor
Tel: +377 44 506702



16 of March, 2021

Statement of Financial Position

| | Note | December 31, 2020 (in EUR) | December 31, 2019 (in EUR) |
|---------------------------------------|------|-------------------------------|-------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | 3 | - | - |
| Total non-current assets | | - | - |
| Current assets | | | |
| Accounts Receivable | | | 7,186.00 |
| Other Receivables | | 12,102.30 | 93.35 |
| Cash and bank balances | 4 | 28,262.92 | 175,128.27 |
| Total current assets | | 40,365.22 | 182,407.62 |
| TOTAL ASSETS | | 40,365.22 | 182,407.62 |
| LIABILITIES AND FUNDS | | | |
| Current liabilities | | | |
| Accounts payable and accrued expenses | 5 | 46.02 | 45.72 |
| Deferred Revenue | 6 | 35,744.89 | 173,476.09 |
| Total current liabilities | | 35,790.91 | 173,521.81 |
| FUNDS | | | |
| Retained funds | | 8,885.81 | 20,035.70 |
| Net deficit/surplus for the year | | (4,311.50) | (11,149.89) |
| Total funds | | 4,574.31 | 8,885.81 |
| TOTAL LIABILITIES AND FUNDS | | 40,365.22 | 182,407.62 |

These financial statements have been approved and signed on behalf of the management on 10 February 2021 by:

Executive Director


 Mrs. Brikenë Hoxha Jajaga



Financial Manager


 Mrs. Florina Baruti

Statement of Comprehensive income

| | Notes | Year ended on December 31, | |
|-----------------------------------------|-------|----------------------------|--------------------|
| | | 2020 | 2019 |
| | | (in EUR) | (in EUR) |
| Income | | | |
| Grant Incomes | 7 | 275,600.09 | 217,869.34 |
| Other income | | 220.00 | 11,818.27 |
| Total income | | 275,820.09 | 229,687.61 |
| Expenditure | | | |
| Staff salaries and benefits | 8 | 75,827.14 | 71,446.83 |
| Rent | | 9,230.76 | 9,230.76 |
| Equipment and furniture | | - | 50.85 |
| Utilities | | 612.25 | 700.36 |
| Telephone and internet | 9 | 1,125.66 | 1,632.49 |
| Office supplies | | 329.02 | 2,124.59 |
| Travel expenses | 10 | 834.70 | 2,229.89 |
| IT & website maintenance | | 82.79 | 70 |
| Audit fee | | 1,500.00 | |
| Printing and visibility action | 11 | 14,043.40 | 7,443.00 |
| Contract services | 12 | 11,892.50 | 1,550.00 |
| Bank charges | | 280.12 | 446.31 |
| Program related costs | | 23,608.70 | 19,606.71 |
| Program related costs - Grants | | 140,281.30 | 116,568.69 |
| Other | | 483.25 | 7,737.02 |
| Total expenditure | | 280,131.59 | 240,837.50 |
| Net deficit/surplus for the year | | (4,311.50) | (11,149.89) |

Statement of Cash Flow

| | Year ended on December 31 st | |
|--------------------------------------------------------------|-----------------------------------------|-------------------|
| | 2020 | 2019 |
| Cash flows from operating activities | (in EUR) | (in EUR) |
| Deficit/surplus for the period | (4,311.50) | (11,149.89) |
| Adjustment for: | | |
| Depreciation | | |
| Change in receivables | (4,822.95) | (7,186.00) |
| Change in other receivables | | 268.83 |
| Change in payables | 0.30 | (2,297.34) |
| Change in other current liabilities | (137,731.20) | 114,387.24 |
| Net cash from operating activities | (146,865.35) | 94,022.85 |
| Cash flows from investing activities | | |
| Acquisition of property and equipment | | |
| Net cash used in investing activities | | |
| Net increase in cash and cash equivalents | (146,865.35) | 81,105 |
| Cash and cash equivalents at 01 January | 175,128.27 | 94,022.85 |
| Cash and cash equivalents at 31st December | 28,262.92 | 175,128.27 |

Statement of Changes in Funds

| | Funds |
|----------------------------------------------------------|------------------------|
| | (in EUR) |
| Opening balance as at January 01, 2019 | 20,035.70 |
| Net deficit/surplus for the year ended December 31, 2019 | <u>(11,149.89)</u> |
| Balance as at December 31, 2019 | 8,885.81 |
| Net deficit/surplus for the period December 31, 2020 | <u>(4,311.50)</u> |
| Balance as at December 31, 2020 | <u>4,574.31</u> |

1. General Information

The Kosovar Stability Initiative (IKS) is an independent, not-for-profit think tank focusing on empirical research and analysis of socio-economic developments in Kosovo. Founded in 2004, IKS offers innovative and policy-relevant research with the aim of initiating debates on issues of importance for Kosovo's future.

The mission of the Kosovar Stability Initiative (IKS) is to further the wellbeing of Kosovar citizens through empirical research, the initiation of well-informed public policies, awareness-raising, regional cooperation, advocacy and networking

We believe that evidence-based public debates stand at the core of democratic decision making. Since its inception, IKS work has focused on issues of governance, economic development, urban planning, unemployment and youth, public administration reform, social dialogue, anti-corruption in post-war reconstruction, Kosovo's image problem, education, environmental issues and cultural heritage.

All reports are freely available on our website www.iksweb.org

2. Basis of preparation and significant accounting policies

2.1 Significant accounting policies

a) Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles.

b) Basis of Preparation

The financial statements are presented in Euro. They have been prepared in accordance with the historical cost convention. The accounting policies have been consistently applied, and except where otherwise indicated, are consistent with those adopted for the previous financial year.

The reporting period of the Organization is twelve months ending 31 December of each year. Financial statements are prepared on a comparative basis reflecting balances for the current year and previous year.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand and cash deposited with local banks.

d) Receivables

Receivables are recorded in the balance sheet when the amounts are due from debtors. Receivables are initially measured at cost and subsequently at cost less impairment.

The impairment calculation compares the carrying amount of the financial asset with the discounted present value of the currently estimated amounts and timings of payments. Any impairment loss is charged to net profit or loss for the period.

e) Plant and equipment

Items included in this category represent vehicles, office supply and IT equipment and are recognized as assets when it is probable that:

- the future economic benefits associated with the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

They are initially recorded at cost. Cost includes all costs necessary to bring the asset to working condition for its intended use.

The Organization carries the assets at cost less accumulated depreciation and impairment losses, if any. Depreciation of assets is recorded annually

using the Straight Line method and taking into consideration their estimated useful life. The following rates are applied:

- Vehicles - 20 %
- Other equipment – 20 %

An item of plant and equipment is removed from the balance sheet on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal.

f) Grants

Grants are recognized only when there is reasonable assurance that:

- The Organization will comply with the conditions attaching to them, and
- The grants will be received.

Operating grants are recognized as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis. Grants earmarked for asset acquisitions are deferred and recognized as income over the useful life of the underlying asset.

g) Accounts payable

Accounts payable are recognized when the amount is determinable and the obligation to settle the amount exists as a result of the Organization's operations. They are stated at cost.

h) Expense

Expenses are recognized as incurred.

i) Foreign currency

Foreign currency transactions are translated using the exchange rate valid on the date of the transaction. Any gains and losses arising on settlement of amounts payable or receivable are recognized in the statement of operations.

At the end of a period, outstanding foreign currency monetary items are reported using the exchange rate valid on the last day of the period. Any resulting gains or losses are recognized in the statement of operations.

j) Tax on profit

The Organization is exempt from tax on profit.

k) Revenues & Expenses

During the current period, the Organization received grants to sustain its operations and to finance the costs of the Projects. The grants are provided on the basis of specific projects and/or budgets submitted to and approved by the donors.

3. PROPERTY AND EQUIPMENT

According to the Kosovo legislation, all equipments with the purchasing value less than EUR 1,000 are presented in statement of revenue and expenditure. The table below presents the purchases over EUR 1,000:

4. Cash and cash equivalents

| | 31-Dec-19 | 31-Dec-18 |
|----------------------------------------|------------------|-------------------|
| | (in EUR) | (in EUR) |
| Cash in hand | 208.00 | 81.20 |
| Cash at banks | 28,054.92 | 175,047.07 |
| Total cash and cash equivalents | 28,262.92 | 175,128.27 |

5. Accounts payable and accrued expenses

| | 31 December 2020 | 31 December 2019 |
|-------------------|-------------------------|-------------------------|
| | (in EUR) | (in EUR) |
| Accounts payables | 46.02 | 45.72 |
| Accrued expenses | | |
| Total | 46.02 | 45.72 |

6. Deferred revenue from grants

| | 31 December 2020 (in EUR) | 31 December 2019 (in EUR) |
|-----------------------------------------------------|-------------------------------------|-------------------------------------|
| Deferred revenue from grants for operating expenses | 36,745.21 | 173,476.09 |
| Total | 36,745.21 | 173,476.09 |

List of deferred revenue from Grants:

| | 31 December 2020 (in EUR) | 31 December 2019 (in EUR) |
|-----------------|-------------------------------------|-------------------------------------|
| HR - Netherland | 31,472.32 | |
| EU | 1,554.75 | 173,476.09 |
| Other | 2,717.82 | |
| Total | 35,744.89 | 173,476.09 |

| EC_GRAS BALANCE | 31 December 2020 | 31 December 2019 |
|------------------------------------------------|-------------------------|-------------------------|
| | In EUR | In EUR |
| Opening balance | 173,476.09 | 39,064.32 |
| Cash received | | 282,369.91 |
| Expenses paid | 171,921.34 | 147,958.14 |
| Remaining balance deferred for the next period | 1,554.75 | 173,476.09 |

Total EC_GRAS EXPENSES

| | 31 December 2020 | 31 December 2019 |
|-------------------------------|-------------------------|-------------------------|
| | In EUR | In EUR |
| Expenses paid | 171,921.34 | 147,958.14 |
| FES Contribution | 18,877.23 | 14,372.00 |
| IKS Contribution | 1,320.00 | |
| Total EC GRAS EXPENSES | 192,118.57 | 162,330.14 |

7. Income from grants

| | 31 December 2020 | 31 December 2019 |
|---------------------------|-------------------|-------------------|
| | (in EUR) | (in EUR) |
| Income from grants | | |
| UNOPS | 17,827.95 | |
| HR - Netherland | 16,390.24 | |
| European Union | 171,921.34 | 147,958.14 |
| FES | 18,877.23 | 18,504.00 |
| OPC | 44,583.33 | 37,431.94 |
| UNDP | | 12,030.00 |
| Other | 6,000.00 | 1,945.26 |
| Total | 275,600.09 | 217,869.34 |

8. Payroll and other staff benefits

| | 31 December 2020 | 31 December 2019 |
|-----------------------|------------------|------------------|
| | (in EUR) | (in EUR) |
| Gross staff salaries | 72,216.32 | 68,128.81 |
| Pension Contributions | 3,610.82 | 3,318.02 |
| Total | 75,827.14 | 71,446.83 |

9. Phone and internet

| | 31 December 2020 | 31 December 2019 |
|--------------|------------------|------------------|
| | (in EUR) | (in EUR) |
| Phone | 660.18 | 1,167.01 |
| Internet | 465.48 | 465.48 |
| Total | 1,125.66 | 1,632.49 |

10. Travel

| | 31 December 2020 | 31 December 2019 |
|------------------|-------------------------|-------------------------|
| | (in EUR) | (in EUR) |
| Travel expenses | 834.70 | 1,836.76 |
| Vehicle expenses | 0.00 | 393.13 |
| Total | 834.70 | 2,229.89 |

11. Printing and visibility action

| | 31 December 2020 | 31 December 2019 |
|---------------------------------|-------------------------|-------------------------|
| | (in EUR) | (in EUR) |
| Debates | | 6,600.00 |
| Awareness raising campaign | 8,000.00 | |
| Promotional material for the pr | 978.70 | |
| Produce a documentary film | 3,150.00 | |
| Information expenses (OPC) | 1,279.00 | |
| Printing and visibility action | 635.70 | 843.00 |
| Total | 14,043.40 | 7,443.00 |

12. Contracted services

| | 31 December 2020 | 31 December 2019 |
|---------------------|-------------------------|-------------------------|
| | (in EUR) | (in EUR) |
| Contracted services | 11,892.50 | 1,550.00 |
| Total | 11,892.50 | 1,550.00 |