

Auditor's report and financial statements

For:
Riinvest Institute

Year: 2020

RIINVEST - DEVELOPMENT INSTITUTE

**INDEPENDENT'S AUDITOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2020**

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To: Management of RIINVEST-Institute for Development

Opinion

We have reviewed the accompanying financial statements of RIINVEST-Development Institute, which consist of the statement of financial position as of December 31, 2020, the comprehensive income statement, the cash flow statement and the summary of the main accounting policies and other explanatory information.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the organization as of December 31, 2020, the financial performance and cash flow for the year ended on that date and are in line with International Financial Reporting Standards (IFRS)).

Basis for opinion

We conducted the audit in accordance with International Audit Standards (SNA). According to these standards, our responsibilities are further described in the *Auditor's Responsibilities section in the audit of the financial statements of this report*.

We are independent of the organization, in accordance with the Code of Ethics for Professional Accountants of the Inter-National Board of Ethics Standards (IESBA Code) together with the requirements that are relevant when auditing financial statements in Kosovo, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence obtained is sufficient and appropriate to provide a reasonable basis for opinion.

Emphasis on the issue

We draw attention to the Disclosure "Business Continuity Principle" (p. 16) and "Events after the end of the reporting period" (p. 16) of the financial statements, which describe the effects of the spread of COVID-19 pandemic following current activities of the organization and in future reporting periods.

Our opinion is not affected by these issues.

Key audit issues

Key Audit issues are those issues that, in our professional judgment, have been the most important in auditing the financial statements of the current period. These issues have been addressed in the context of auditing the financial statements as a whole and forming our opinion about them, so for these issues, we do not give a specific opinion.

Continuity

The financial statements have been prepared on the basis of continuity, the management does not intend to liquidate or terminate its activity for the next 12 months.

The audit did not identify the existence of events or conditions which raise doubts about the organization's ability to continue.

Other information that differs from Financial Statements

Other financial or non-financial information that differs from the audited financial statements and the report of the auditor over these statements, included in the entity's annual report and have material discrepancies with the PF or with the recognition provided by the auditor during the audit, where any of them may impair the credibility of the PF and the auditor's report on these statements, have not been identified.

Management responsibilities and persons in charge for financial statements management

The management is responsible for preparing and presenting the financial statements correctly in accordance with the IFRS and for such audits which the management considers necessary to enable the preparation of the financial statements without material anomalies, either due to fraud or error.

In preparing financial statements, management is responsible for assessing the ability of the organization to proceed according to the continuity hypothesis, revealing, if applicable, issues related to the continuity hypothesis.

In preparing financial statements, management is responsible for assessing the ability of the organization to proceed according to the continuity hypothesis, revealing, if applicable, issues related to continuity hypothesis and using

continuity-based accounting unless the management has intended to liquidate or discontinue the Company's activities, or there is no alternative but to act accordingly.

Those in charge of governance are responsible for overseeing the organization's financial reporting process.

Auditor's responsibilities in auditing financial statements

Our objectives are to obtain reasonable assurance if the financial statements as a whole do not contain material anomalies, either due to fraud or error and to provide an auditor's report that includes our opinion. Reasonable security is a high level of security, but there is no guarantee that audit performed according to SNA will always reveal material anomalies if they exist. Abnormalities can be caused by fraud or error and are considered to be material if, individually or aggregated, they can reasonably influence the decision made by users based on these financial statements.

As part of the audit in accordance with the SNA, we exercise professional judgment and maintain professional skepticism throughout the audit.

We are also responsible to:

- Identify and assess the risk of material misstatement of financial statements, whether due to fraud or error, design and conduct audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to provide us with a basis for our opinion. The risk of non-disclosure of material anomalies due to fraud is higher than that caused by errors, as fraud may involve covert agreements, falsification, intentional omission, misinterpretation or omission of controls.
- Gain knowledge of internal controls that are relevant to auditing in order to design audit procedures that are appropriate to those circumstances, but not in order to give an opinion on the effectiveness of the organization's internal controls.
- Assess the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and relevant disclosures from management.
- We conclude on the appropriateness of using the continuity hypothesis by management and based on the obtained audit evidence, if there is any material uncertainty about events or conditions that may cast significant doubt on the organization's ability to continue existing. If we conclude that there is a material uncertainty, we are required to draw attention to our auditor's report on the relevant disclosure of the financial statements or, if such disclosure is insufficient, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events and conditions may cause the organization not to continue its activities.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosure if the financial statements represent the respective transactions and events in order to achieve the fair presentation.

We have communicated with those in charge of governance, including the planned scope, audit time and significant audit findings, including any significant deficiencies in internal control identified during our audit.

Audit Office SH.P.K

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PRISTINA

RIINVEST – Institute of Development Research

Statement of Financial Position

31 December 2020

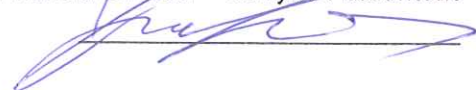
FIN: 600029400

	Bookmark	2020 €	2019 €
ASSET			
Short-term asset			
Cash and cash equivalent	3	37,181	69,526
Short-term financial investment			
Trade accounts receivable and other	4	15,872	9,387
Stocks	5	2,623	2,623
Other short-term assets	6	2,277	1,088
Total short-term assets		57,953	82,624
Long-term assets			
Investments in participation			
Investments in subsidiaries			
Long-term financial investments			
Property, plant and equipment	7		
Property investment			
The following investments			
Intangible assets			
Deferred tax assets			
Other long-term assets			
Total long-term assets		-	-
Total assets		57,953	82,624
LIABILITIES AND EQUITY			
OBLIGATIONS			
Short term obligations			
Overdrafts			
Trade payables and other	8	12,508	13,710
Credits and loans			
Interest payable			
Tax payable on profit			
Short-term provisions			
Liabilities to financial leasing			
Other Short-term liabilities	9	45,445	68914
Short-term Total liabilities		57,953	82624
Long-term liabilities			
Loans, long-term portion			
Long-term provisions			
Liabilities to financial leasing, long-term portion			
Deferred tax liabilities			
Other long-term liabilities			
Other long-term liabilities			
Total long-term liabilities		57,953	82,624
EQUITY			
Share capital			
Retained earnings			
Other reserves			
Total equity		-	-
Total equity and liabilities		57,953	82,624

General Director

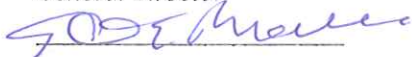


Financial Director – Certified Accountant




RIINVEST – Institute of Development Research			
Statement of income and retained earnings			
For the year 31 December 2020			
FIN: 600029400			
	Bookmark	2020	2020
		€	€
Revenues	10	482,837	347,237.00
Cost of sales	11		(37.00)
Profit / (Loss) Gross		482,837	347,200.00
Other income	10	223	74.00
Distribution Costs	12	(146,055)	(92,425.00)
Administrative costs	13	(337,005)	(254,597.00)
Other costs	7	0.00	(252.00)
Operating profit/loss		0.00	0.00
Financial Expenses			
Financial Income		-	-
Profit/loss before tax		-	-
Profit tax expenses		-	-
Profit/loss of the year		-	-

General Director



Financial Director – Certified Accountant





RIINVEST – Institute for Development Research			
Statement of Changes Equity			
For the year ended 31 December 2020			
FIN: 600029400			
	Bookmark	2020	2020
		€	€
Cash flow from operating activities			
Profit/loss of the year		0	0
<i>Arrangements for non-cash items of expenses and revenues</i>			
Depreciation of property, equipment and plants			252
Damage to property, equipment and plants			
Depreciation of intangible assets			
Losses from damage to intangible assets			
Change in fair value of the investment property			
Financial Income			
Financial expenses			1714
(Profit) / loss from the sale of property, factory and equipment			
Profit tax expenses			
		0	1966
<i>Changes in assets and operating liabilities</i>			
(Increase) / decrease in accounts receivable commercial and other		-6485	-6714
(Increase) / decrease in stocks			37
(Increase) / decrease in other assets		-1189	-1088
Increase / decrease in accounts payable commercial and other			
Increase / decrease in other liabilities		-24,671	14102
		-32344	8303
Profit tax paid			
Interest paid			-1714
Net cash flow from operating activities		-32345	6589
Cash flow from investment activities			
Payments for purchases of property, equipment and plants			
Receipts for the sale of property, equipment and plants			
Payments for purchases of intangible assets			
Receipts for the sale of intangible assets			
Interest collected			
Collected dividends			
Net cash flow from investment activities			
Cash flow from financing activities			
Additional capital deposits			
Dividends paid			
Collections from loans and borrowings			
Repayment of loans and borrowings			
Financial leasing payments			
Net cash flows from financing activities			0
Increase / (decrease) Net cash and cash equivalents		-32345	6589
Cash and cash equivalents at beginning of year		69526	62937
Cash and cash equivalents at end of year	3	37181	69526

General Director





Financial Director – Certified Accountant



RIINVEST-INSTITUTE FOR DEVELOPMENT
Financial Statement for the year ending December 31, 2020

1. INTRODUCTION

- **Riinvest Institute for Development Research ("Riinvest")** no. registration at the Ministry of Public Administration 52001323, with Tax Administration of Kosovo fiscal number 600029400 is a private research and consulting institution (think tank), established in the territory of Kosova in 1995. It's mission is to promote the modern economic development of Kosova, based on an entrepreneurial philosophy. It's activities include:
 - Economic Studies and Analyses;
 - Public Administration and Legal Studies;
 - SME Development;
 - Local economy development;
 - Education
 - Publish and Advocacy

Riinvest has the following objectives:

- To contribute to an improvement in the environment for economic policy reform and the building of a macroeconomic and structural policy framework for sustainable economic development through research and advocacy activities;
- To support private sector development through promoting entrepreneurship culture and SME development;
- To enhance Riinvest's institutional development through building research and capacities and staff development toward a sustainable organization, and
- To promote business community engagement in the policy process through the support and cooperation with Alliance of Kosovar Business

To achieve these objectives, Riinvest developed a wide of activities including:

- Research
- Advocacy
- Technical assistance for Riinvest institutional development and for increasing its capacities
- Technical Assistance for business association/Alliance of Kosovar Business development; and
- Education

RIINVEST-INSTITUTE FOR DEVELOPMENT
Financial Statement for the year ending December 31, 2020

1. Basis of preparation and accounting policies

These financial statements are prepared in accordance with International Financial Reporting Standard for Small and Medium Enterprises (IFRS for SMEs) issued by the International Accounting Standards. They are presented in Euro currency.

Investments in Associates

Investments in associates are accounted under the cost method minus any accumulated impairment loss (impairment).

Revenue Recognition

Revenues from the sale of goods are recognized when the goods have been delivered and ownership has been transferred.

Borrowing costs

All borrowing costs are recognized in the income statement for the period in which they occurred.

Tax on profit

Profit tax represents the amount of current tax payable and deferred tax. The current tax payable is based on the taxable profit of the year.

Deferred tax is recognized by the difference between the carrying value of assets and liabilities in the financial statements and their respective tax bases (known as temporary differences). Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future and any tax losses or unused tax credits. Deferred tax assets are measured at the highest amount which, based on the assessed current or future taxable profit, is more likely to be recovered than not.

The carrying amount of deferred tax assets are reviewed at each reporting date and adjusted to reflect the current assessment of taxable profits in the future. Any adjustment is recognized in profit or loss.

Deferred tax is calculated using the tax rate that is expected to apply to the taxable profit (taxable loss) of the periods in which the deferred tax as an asset is expected to be realized or the deferred tax liabilities to be settled, based on tax rates that are in force or that will be in force until the end of the reporting period.

RIINVEST-INSTITUTE FOR DEVELOPMENT
Financial Statement for the year ending December 31, 2020

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment loss (impairment).

Depreciation is charged so as to divide the asset cost less its residual value over the life of the envisaged use, using the straight-line method. The following annual rates are used for the depreciation of property, plant and equipment:

Buildings	5 percent
Installations	20 percent
Appliances, furniture, computers	20 percent

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of these assets is revised prospectively to reflect the new expectations.

Intangible assets

The current cost of intangible face is equal to zero.

Leases

Leases are classified as finance leases whenever all the risks and benefits of the leased property ownership are transferred to Riinvest Institute for Development Research ("Riinvest"). All other leases are classified as operating leases.

Rights to assets held as financial lease are recognized as assets of the Riinvest Institute for Development Research ("Riinvest") in fair value of the leased property (or, if the value is lower, the present value of minimum payments leasing) at the beginning of the lease. The obligation that corresponds to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between the financial part and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Financial expenses are deducted while calculating profit or loss. Assets held by financial leasing are included under the item property, plant and equipment, which are depreciated and assessed for impairment (impairment loss) in the same way as other assets owned.

A payable operative lease is charged in the income statement on a straight-line basis over the term of the lease contract.

RIINVEST-INSTITUTE FOR DEVELOPMENT
Financial Statement for the year ending December 31, 2020

Stocks

Stocks are presented with the lowest value between the cost and the selling price minus the costs of completion and sale. The cost of goods sold is calculated using the method.

Trade accounts receivable and other

Most services are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortized cost using the effective interest method. The trade receivables denominated in foreign currencies are expressed in Euro currency using the exchange rate at the reporting date.

At the end of each reporting period, the carrying amounts of trade receivables and other are examined to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss (impairment) is recognized immediately in the income statement.

Trade payables and other

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in foreign currencies are expressed in Euro currency using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

Bank loans and overdrafts

Interest expenses are recorded based on the effective interest method and are included in the financial-entity expenses.

Provisions for warranty obligations

Defective goods sold can be replaced with regular defective goods

3. Money and cash equivalents

	2020	2019
	€	€
Money in the cash register	336	175
Money in the bank	36,845	69,351
Total	37,181	69,526

RIINVEST-INSTITUTE FOR DEVELOPMENT
Financial Statement for the year ending December 31, 2020

4. Cash and cash equivalents

31 December	2020	2019
Advance payments for staff		492
ICMA-Kosovo impl. Of USAID LEGA		7997
WHO-UN World Health Organization	2,682	
ARTINI NTP	400	400
OPTIMA ENERGY CONSULTING SHPK	1,742	
BUZUKU BOOK SHOP	80	80
DUKAGJINI SHPK	320	320
USAID/KOSOVO	10,647	
Prepayment of profit tax		98
Total	15,871	9,387

5. Stocks

	2020	2019
	€	€
Book-Ekonomia e Kosoves	2,623	2,623
Total	2,623	2,623

6. Other short-term assets

	2020	2019
	€	€
VAT prepayment 18%	1,062	1,062
Rent TAX	26	26
Staff advance payment	1,092	
Prepayment of profit tax	97	
Total	2,277	1,088

RIINVEST-INSTITUTE FOR DEVELOPMENT
Financial Statement for the year ending December 31, 2020

7. Cars and equipment

	Office equipment	Cars	Total
<i>Historical cost</i>			
01 January 2016	13,331	11,853	25,184
Purchases (additions)			
Sales (dilution)			
01 January 2017	13,331	11,853	25,184
Purchases (additions)			
Sales (dilution)			
31 December 2017	13,331	11,853	25,184
01 January 2018	13,331	11,853	25,184
Purchases (additions)			
Sales (dilution)			
31 December 2018	13,331	11,853	25,184
01 January 2019	13,331	11,853	25,184
Purchases (additions)			
Sales (dilution)			
31 December 2019	13,331	11,853	25,184
Purchases (additions)			
Sales (dilution)			
31 December 2020	13,331	11,853	25,184
Accumulated depreciation until 01 January 2016	-7,647	-6,519	-14,166
Depreciation of the year	-2,215	-2,371	-4,586
Accumulated depreciation until 01 January 2017	-9,862	-8,890	-18,752
Depreciation of the year	-2,193	-2,371	-4,564
Accumulated depreciation until 31 December 2017	-12,055	-11,261	-23,316
Depreciation of the year	-1,023	-593	-1,616
Accumulated depreciation until 31 December 2018	-13,079	-11,853	-24,932
Depreciation of the year	-252		-252
Accumulated depreciation until 31 December 2019	-13,331	-11,853	-25,184
Net Value in Books on December 31, 2016	3,470	2,963	6,433
Net Value in Books on December 31, 2017	1,275	593	1,868
Net Value in Books on December 31, 2018	252	-	252
Net Value in Books on December 31, 2019	0	0	0
Net Value in Books on December 31, 2020	0	0	0

The net value of the equipment category and vehicles is zero.

8. Accounts payable and other

31 December	2020	2019
Pishat shpk		56
Audit Office shpk		2,000
COLORS PRODUKTION shpk	1300	
Alban Zogaj		1,347
RILINDJA		27
Drop Sh.p.k.		1,780
UNI-R	22	18
Topline Electronics		557
"AB in CO" Shpk	6,030	6,030

RIINVEST-INSTITUTE FOR DEVELOPMENT
Financial Statement for the year ending December 31, 2020

ENVINION Shpk	3906	
Europrinty shpk		24
AB LIFT SH.P.K.	50	
KESCO		1,391
MC-Mercom Company-Peugeot		290
Lesna Trade (Orion Hall)		190
IP-KOS	1168	
TELEKOMI I KOSOVES	32	
Total	12,508	13,710

9. Other short-term liabilities

	2020	2019
Net salary		124
Pension contributions	1,594	
Withholding tax (salary)	1,811	
Deferred revenue USAID/KOSOVO MCI	10,647	15,168
Deferred revenue European Commission SELDI3 (MCIC)		1,229
Deferred revenue GIZ	11,481	17,472
Deferred revenue Kosovo Foundation for Open Society - Capital Investments	1,163	22,956
Deferred revenue KCSF- Kosovar Civil Society Foundation		1,551
Deferred revenue BIRN-Balkan Investigat. Reporting Network		10,414
Deferred revenue DVV International-German Adult Educ. Assoc	3,171	
Deferred revenue DAI GLOBALLC (X-index) USAID	11,727	
Deferred revenue OPTIMA ENERGY CONSULTING SHPK	1,742	
Deferred revenue MIN.of FINANCE – MIN.of CULTURE	2,110	
Total	45,445	68,914

11. Revenues

For the year ending December 31st	2020	2019
CIPE -Corporate Governance		252
European Commission-SELDI3 (MCIC)	1229	5040
OPTIMA ENERGY CONSULTING SHPK	6970	
DVV International-German Adult Educ. Assoc		20,000
Kosovo Foundation for Open Society	157853	24129
KCSF-Kosovar Civil Society Foundation		32,455
UDAID/KOSOVO (MCI)	43140	48596
USAID-ATRC	1166	14598
CSD-Center for the Study of Democracy		2,398
SWISCONTACT PPSE-Margin Share and Studies	88891	81021
SWISCONTACT (KOS-PPSE)	12000	12000
U.S. EMBASSY PRISHTINA	16498	16,248
DAI GLOBALLC (X-index) USAID	7820	23,462
BIRN-Balkan Investigat. Reporting Network	21418	140
GIZ-Deutsche Gesellschaft für Int.Zusamm.	5991	17394

RIINVEST-INSTITUTE FOR DEVELOPMENT
Financial Statement for the year ending December 31, 2020

MIN.of FINANCE-MIN. of CULTURE	2890	
ICMA-Kosovo Impl. of USAID LEGA	31895	14540
NDI for INTERN. AFFAIRS IMAD	81194	34964
Other Income	4105	74
Total	483,060	347,311

12. Selling costs

For the year ending December 31st	2020	2019
KMSH	0	37
TOTAL	0	37

13. Distribution Expenses

For the year ending December 31st	2020	2019
Costs for consultants	36,202	18,171
Surveyors and surveys		24
Contractual costs	53,017	18,462
Electricity Costs	1,663	3,719
Legal Services	59	1,707
Telephone and Mail Costs	767	1,043
Internet & Website Costs	170	153
Audit Expenses	1,000	4,000
Translation and Sounding Costs	150	1,490
Accommodation & Meal for participants	450	3,204
Transport Costs		2,191
Accounting expenses	41	
Costs for membership	100	
Representation expenses and advertising-representation	138	324
Costs for heating	2,264	1,050
Equipment and supplies	591	310
Bank provisions	2,347	1714
Publications, banners, brochures	2696	5906
Vehicle Costs		1,181
Costs for training, workshop and roundtables	15,942	851
Fines		56
Other expenses	328	911
Rental costs	13,187	19780
Costs for consumables	861	525
Costs for office supplies	155	208
Expenses for registration and servicing the car	1,268	1270
Costs for daily newspaper	63	360
Water costs	502	515
Cleaning and maintainance	1100	3300

RIINVEST-INSTITUTE FOR DEVELOPMENT
Financial Statement for the year ending December 31, 2020

Return of funds – “European commission DEVELOPMENT ACADEMY”	9,524	
Other distributions costs	1470	
Total	146,055	92,425

14. Administrative Expenses

For the year ending December 31st	2020	2019
Net page costs	323,234	244830
Pension contribution	13,771	9767
Total	337,005	254,597

15. Contingent liabilities

According to the person in charge statement, the subject does not have contingent obligations

23. Principle of business continuity

The Financial Statements have been prepared on the assumption that the organization has the capacity and intent to continue and that it will move on to operate in the foreseeable future (at least 12 months) and management has not noticed any difficulty nor does it intend or need to liquidate or materially shorten the scale of its operations.

It should be noted that at the authorization time of financial statements to the public, we are at the time of the spread of COVID-19 pandemic, so we are facing new and unknown situation so far, this has forced us to make a new work organization, so we have organized the work from home premises, because the pandemic has caused us restriction of movement but we have not had property damage or cessation of activities as we have developed them online by maintaining regular contacts with staff and other organizations.

Upon completion we will provide a suitable environment and schedule for the staff in order to ensure the proper social distance.

16. Events after the end of reporting period

The subject in question has no contentious events after the reporting period which may be material.

As an influential event that increases uncertainty and is ongoing, we consider that spread of COVID-19 pandemic has caused restriction of human movement. The government has taken a number of decisions and has temporarily suspended the operation of many economic activities.

This crisis is expected to have significant economic effects on entities, either due to restrictions on production, trade, consumption and services, or due to restrictions on movement.

17. Approval of financial statements

The financial statements were approved by the management and authorized for publication on 25.02.2021.