

Auditor's report and financial statements

For:
Riinvest Institute

Year: 2018

RIIVEST INSTITUTE FOR DEVELOPMENT RESEARCH

Financial statements and Independent Auditor's Report
For the year ended 31 December 2018

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Independent auditor's report on financial statements

To: the management of RIINVEST – Institute for Development

We have audited financial statements of Riinvest Institute For Development Research (the Organization), which comprises the statement of financial position as at 31 December 2018 and the income statement, statement of changes in net assets and cash flow statement for the year then ended, and notes to financial statements including a summary of significant accounting policies.

In our opinion, the financial statements of Riinvest Institute for Development Research, for the year ended 31 December 2018 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 are independent of the organization in accordance with ethical requirements that are relevant in our audit of the financial statements in Kosovo, and have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence 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 wither 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 a 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.

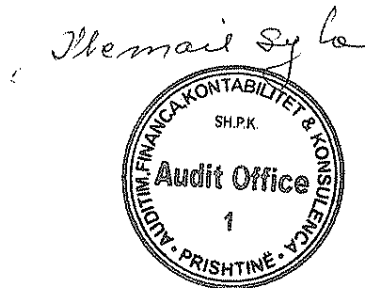
As a part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout audit. We also:

- 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, ad 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 growing 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 Office Sh.p.k.
Xhemail Sylja
Statutory Auditor
Str. Ulpiana, d1/7 nr.8
10000 Pristina
Republic of Kosovo
Tel: +344 44 156 921
Email: xhemailsylja@gmail.com
22 March 2019



RIINVEST INSTITUTE FOR DEVELOPMENT RESEARCH

STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2018

(All amounts are in Euro)

As at 31 December		2018	2017
	Notes		
ASSETS			
Non-current assets			
Vehicle and equipment	3	252	1,868
Total Non-current assets		252	1,868
Current assets			
Accounts receivable	4	2672	33,781
Stocks	5	2,660	
Cash and cash equivalent	6	62,937	93,762
Total Current Assets		68,269	127,543
Total Assets		68,521	129,411
FONDS AND LIABILITIES			
Current Liabilities			
Accounts payable and other	7	54,977	29,251
Other payables			
Deferred revenues	8	13,544	100,160
Total Current Liabilities		68,521	129,411
Funds			
Net increase/decrease of funds from previous periods			
Net increase/decrease of funds from the following period			
Total Funds			
Total Funds and Liabilities		68,521	129,411

These financial statements are approved and signed on 6th March 2019 on behalf of the management by:

Sejdi Osmani – Chairman of the Board





RIINVEST INSTITUTE FOR DEVELOPMENT RESEARCH

INCOME STATEMENT

For the year ended 31 December 2018

(All amounts are in Euro)

For the year ended 31 December		2018	2017
	Notes		
INCOMES			
Revenues	9	371,024	648,605
Other revenues	9		
Total Incomes		371,024	648,605
EXPENSES			
Costs of goods sold	10	(1,034)	
Gross profit		369,990	648,605
Payroll expenses	11	(270,929)	(268,687)
Program expenses	12	(97,445)	(374,425)
Depreciation expenses	3	(1,616)	(4,564)
Total expenses		(369,990)	(647,676)
Returns to the donor		-	(929)
Net increase/decrease of funds		-	-

RIINVEST INSTITUTE FOR DEVELOPMENT RESEARCH

STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

(All amounts in Euro unless otherwise stated)

	2018	2017
Cash generated from operations		
Net increase/decrease of funds		-
Adjustments for:		
Depreciation	1,616	4,564
(Increase)/ Decrease in trade and other receivables	28,448.82	6,405
Increase/ (Decrease) in trade and other receivables	25,726.29	24,498
Increase/ (Decrease) in deferred revenues	(86,616.75)	(414,461)
Net cash generated from operations	(30,826)	-378,993
Cash flows from (used in) investing activities		
Donation from IOM		
Net cash from (used in) investing activities	-	-
Net cash from (used in) financing activities	-	-
Net increase in cash and cash equivalents	(30,826)	-378,993
Cash and cash equivalents at the beginning of the year/period	93,762.38	472,755
Cash and cash equivalents at the beginning of the year/period	62,937	93,762

RIINVEST INSTITUTE FOR DEVELOPMENT RESEARCH

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2018
(All amounts are in Euro unless otherwise stated)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

1. INTRODUCTION

Riinvest Institute for Development Research ("Riinvest") no, registration at the Ministry of Public Administration 52001323, with Tax Administration of Kosova 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 Riinves'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 RESEARCH

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2017

(All amounts are in Euro unless otherwise stated)

2. ACCOUNTING POLICIES

2. Statement of Significant Accounting Policies

a) General Accounting Principle

For the purposes of financial recording, Riinvest Institute for Development Research uses the accrual basis of accounting for reporting the receipt and disbursement of funds.

b) Summary of accounting policies

The financial statements have been prepared on a historical cost basis.

c) Functional and presentation currency

The financial Statements are presented in EUR, which is the Organization's functional currency.

d) Fix assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

(i) Depreciation

Depreciation is recognized in profit or loss on a straight line basis over the estimated useful lives of the assets. Depreciation methods, useful lives and residual values (if not insignificant) are reassessed at the reporting date.

The estimated useful lives for the current and comparative periods were as follows:

Equipment and vehicles	5 years
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e) Foreign currency transactions

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Foreign currency differences arising on retranslation are recognized in profit or loss.

f) Revenues

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the organization and the revenue can be reliably measured. Revenue is not recognized until the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. Organization's revenues are mainly income from donors with other revenues generated from renting premises.

g) Cash and cash equivalent

Cash and cash equivalents include cash in hand and balance with banks.

g) Accounts Receivable

The receivable accounts of the organization contain accrued income from specific donors.

RIINVEST INSTITUTE FOR DEVELOPMENT RESEARCH

Notes to Financial Statements

For the year ended 31 December 2018

(All amounts are in Euro unless otherwise stated)

h) Accounts Payables

Payments to suppliers are presented in the financial statements as paid accounts.

i) Deferred income

Deferred income is an income/donation for which the cash has been collected by the organization, but have yet to be expensed. Consequently this liability occurs when Riinvest Institute for Development Research receives payment in advance for a project to be implemented in future.

j) Expenses

All expenses are recognized when incurred.

k) Employee benefits

The Organization makes contributions for the benefit of employees to the Kosovo Pension Saving Trust (KPST). The contributions are expensed as incurred.

l) Taxation

Riinvest Institute for Development Research is a NGO with public benefit status and all received donations in the reporting year have been implemented for the public benefit purposes. According to the law on Corporate Income Tax, NGO's with public status whose total income was used for their public benefit purposes will have a zero rate of taxable profit.

RIINVEST INSTITUTE FOR DEVELOPMENT RESEARCH

Notes to Financial Statements For the year ended 31 December 2018 (All amounts are in Euro unless otherwise stated)

3. Vehicles and Equipment

	Office equipment	Vehicle	Total
<i>Historic Cost</i>			
As at 01 January 2016	13,331	11,853	25,184
Additions			-
(Removals)			-
As at 01 January 2017	13,331	11,853	25,184
Additions			-
(Removals)			-
As at 31 December 2017	13,331	11,853	25,184
As at 01 January 2018	13,331	11,853	25,184
Additions			
(Removals)			
As at 31 December 2018	13,331	11,853	25,184
<i>Accumulated depreciation</i>			
Accumulated depreciation as at 01 January 2016	(7,647)	(6,519)	(14,166)
Depreciation of the year	(2,215)	(2,371)	(4,586)
Accumulated depreciation as at 01 January 2017	(9,862)	(8,890)	(18,752)
Depreciation of the year	(2,193)	(2,371)	(4,564)
Accumulated depreciation as at 31 December 2017	(12,055)	(11,261)	(23,316)
Depreciation of the year	(1,023)	(593)	(1,616)
Accumulated depreciation as at 31 December 2018	(13,079)	(11,853)	(24,932)
<i>Net value in Books</i>			
Net value in books as at 31 December 2016	3,470	2,963	6,433
Net value in books as at 31 December 2017	1,275	593	1,868
Net value in books as at 31 December 2018	252	-	252

4. Accounts receivable

As at 31 December	2018	2017
Advances for Staff	761	2,162
USAID/KOSOVO-Euro		16,550
COUNCIL of EUROPE (office in Pristina)		14,398
Prepayments of VAT	1,068	671
ARTINI NTP	400	
BUZUKU BOOK SHOP	80	
DUKAGJINI SHPK	240	
Prepayment of the profit tax	123	
Total	2,672	33,781

RIINVEST INSTITUTE FOR DEVELOPMENT RESEARCH

Notes to Financial Statements For the year ended 31 December 2018 *(All amounts are in Euro)*

5. Stocks

As at 31 December	2018	2017
Book Economy of Kosovo	2660	0
Total	2660	0

6. Cash and its equivalents

As at 31 December	2018	2017
Money in bank	62,833	92,348
Money in cash	104	1,414
Total	62,937	93,762

7. Accounts payable and other payables

As at 31 December	2018	2017
Restaurant PISHAT		350
CETA - Gen.Inv.Group	43,955	25,000
RILINDJA	37	42
Tax liability for the rent		148
Tax liability on personal income		1787
Pension contributions		1,667
"AB in CO" Shpk	6,030	
BUTTERFLY N.SH.	650	
ENVINION Shpk	2,359	
FUJI LIFT Shpk	120	
KESCO	1,466	
RIMA GROUP SH.P.K.	360	
Other		257
Total	54,977	29,251

8. Deferred Income

For the year ended 31 December	2018	2017
Deferred revenues from UDAID/KOSOVO		16,550
Deferred revenues from USAID - CDF Intermunicipal Cooperation		16,970
Deferred revenues from PPSE - Margin Share and Studies		22,462
Deferred revenues from GIZ	13,292	7,430
Deferred revenues from Kosovo Foundation for Open Society - Capital Investments		8,975
Deferred revenues from COUNCIL OF EUROPE Office In Pristina		22,405
Deferred revenues from DAI GLOBALLC (X-index) USAID		3,500
Deferred revenue from depreciation	252	1,868
Total	13,544	100,160

RIINVEST INSTITUTE FOR DEVELOPMENT RESEARCH

Notes to Financial Statements For the year ended 31 December 2018 *(All amounts are in Euro)*

8. Revenues

For the year ended 31 December	2018	2017
CIPE -Corporate Governance	432	432
European Commission Development ACAD.	1,184	27,957
European Commission-NOVOBERDA		411,193
USAID-CDF Intermunicipal Cooperation	16,970	25,014
Lux Development Agency-VET Stady		44,195
Kosovo Foundation for Open Society	25,985	9,875
ProCredit Bank		1,695
Deferred Revenue UDAID/KOSOVO	66,242	
USAID-ATRC	23,408	31,587
EUFORIA (Erasmus + Project)		6,500
SWISCONTACT PPSE-Margin Share and Studies	81,204	28,395
SWISCONTACT (KOS-PPSE)	11,750	58,669
COUNCIL Of EUROPE Office In Pristina	36435	
DAI GLOBALLC (X-index) USAID	17500	
GIZ- Deutsche Gesellschaft fur Int.Zusamm.	64,879	-
European Commission SELDI-Anti Corruption Initiative	20961	-
Other revenues	4,074	3,093
Total	371,024	648,605

10. Costs of goods sold

Costs of goods sold	2018	2017
Costs of books published and sold	1,034	
TOTAL	1,034	

11. Payroll expenses

For the year ended 31 December	2018	2017
Net salary costs	260,608	246,926
Pension Contributions	10,321	21,761
Total	270,929	268,687

12. Program expenses

<u>For the year ended 31 December</u>	<u>2018</u>	<u>2017</u>
Grants to municipalities and businesses EU-Acad.2		23,500
Pollsters and Surveys		78
Contracting costs		284,795
Energy costs	4,120	5,456
Hygienic material	3,300	3,300
Telephone and mail costs	1,121	1,113
Costs for Internet & Website	52	162
Program costs	207	
Audit Costs	1,800	-
Rent expenses	19,780	19,780
Expenditure on consumable material	969	
Expenses for the technique of the sound		1,040
Translations & Edits	600	465
Travel expenses in country		2,128
The costs of travel abroad	1,445	1,218
Costs for membership	15	15
Representation expenses and advertising-representation	2,138	1,611
Costs for office material	911	1,912
Registration costs and vehicle servicing	430	1,416
Costs for heating	1,782	2,220
Daily Press Expenses	431	435
Equipment and supplies	770	724
Bank provisions	1,683	1,148
Miscellaneous expenses	279	1,398
Publications, Banners, Brochures	9,837	14,028
Activities costs	33,985	-
Water expenses	928	713
Expenses for the vehicles	2,215	
Costs for training, workshop, roundtables	7,469	5,770
Negative exchange services	1077	
Penalties	101	
Total	97,445	374,425

13. Events after the end of reporting period

There are no significant events after the end of reporting period that would require disclosure in the Organization's financial statement.