

Auditor's report and financial statements

For:
Rinvest Institute

Year: 2017

Rinvest Institute for Development Research

Financial Statements and Independent Auditors' Report
For the year ended December 2017



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INDEPENDENT AUDITORS REPORT

To: The management of Riinvest Institute For Development Research

Opinion

We have audited financial statements of Riinvest Institute For Development Research (the Organization) which comprises the statement of financial position as at 31 December 2017, 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 2017 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 Zeka
Statutory Auditor

Baker Tilly Kosovo
Prishtina Kosovo



28 March 2018

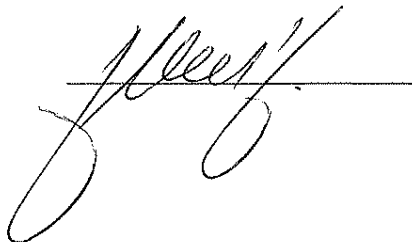
Riinvest Institute for Development Research

Statement of Financial Position
As of 31 December 2017
(all amounts are in Euro unless otherwise stated)

As at 31 December		2017	2016
	Notes		
ASSETS			
Non-current assets			
Vehicle and Equipment	3	1,868.12	6,432.60
Total non-current assets		1,868.12	6,432.60
Current assets			
Accounts Receivable	4	33,780.75	40,186.12
Cash and cash equivalent	5	93,762.38	472,754.95
Total Current assets		127,543.13	512,941.07
TOTAL ASSETS		129,411.25	519,373.67
FUNDS AND LIABILITIES			
Current Liabilities			
Accounts payable and other	6	29,250.90	4,752.55
Deferred Revenues	7	100,160.35	514,621.12
Total Current Liabilities		129,411.25	519,373.67
Funds			
Net increase / decrease of funds from previous periods			
Net increase / decrease of funds from the following period			
Total Funds		-	-
TOTAL FUNDS AND LIABILITIES		129,411.25	519,373.67

These financial statements are approved and signed on 15 March 2018 on behalf of the management by:

Alban Hashani, Executive Director




Riinvest Institute for Development Research

Income Statement

For the year ended 31 December 2017

(all amounts are in Euro unless otherwise stated)

<u>For the year ended 31 December</u>		<u>2017</u>	<u>2016</u>
	Notes		
INCOMES			
Revenues	8	648,604.96	703,492.29
TOTAL INCOMES		648,604.96	708,077.68
EXPENSES			
Payroll expenses	9	(265,047.63)	(373,723.56)
Programme expenses	10	(378,064.29)	(329,768.73)
Depreciation expenses	3	(4,564.48)	(4,585.39)
TOTAL EXPENSES		(647,676.40)	(708,077.68)
Returns to the donor	11	(928.56)	
Net increase / decrease of funds		-	-

Riinvest Institute for Development Research

Statement of Activities and Change in net Assets

For the year ended 31 December 2017

(all amounts are in Euro unless otherwise stated)

	Initial Funds	Accumulated Funds	Other Reserves	Total
As at 01 January 2016	-	-	-	-
Net increase / decrease from operations	-	-	-	-
Differences from foreign currency translations	-	-	-	-
Fundraising	-	-	-	-
As at 31 December 2016	-	-	-	-
Net increase / decrease from operations	-	-	-	-
Differences from foreign currency translations	-	-	-	-
Fundraising	-	-	-	-
As at 31 December 2017	-	-	-	-

Riinvest Institute for Development Research

Statement of Cash Flows
For the year ended 31 December 2017
(all amounts are in Euro unless otherwise stated)

Cash generated from operations	2017	2016
Net increase/decrease of funds	-	-
<i>Adjustments for:</i>		
Depreciation	4,564.48	4,585.39
(Increase)/decrease in trade and other receivables	6,405.37	
Increase/(decrease) in trade and other payables	24,498.35	(38,119.33)
Increase/(decrease) in deferred revenues	(414,460.77)	363,111.37
Net cash generated from operations	(378,992.57)	329,577.43
Cash flows from (used in) investing activities		
Donation	-	-
Net cash from (used in) investing activities	-	-
Net cash from (used in) financing activities	-	-
Net increase in cash and cash equivalents	(378,992.57)	329,577.43
Cash and cash equivalents at the beginning of the year/period	472,754.95	143,177.52
Cash and cash equivalents at the end of the year/period	93,762.38	472,754.95

Riinvest Institute for Development Research

Notes to Financial Statements
For the year ended 31 December 2017
(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 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 Research

Notes to Financial Statements
For the year ended 31 December 2017
(all amounts are in Euro unless otherwise stated)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(continued)

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) Basis of measurement

The Financial Statements have been prepared on the 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 the 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 equivalents

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

g) Accounts Receivables

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 2017
(all amounts are in Euro unless otherwise stated)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(continued)

h) Accounts Payables

Health insurance and vendor payables, have been disposed on the financial statements as accounts payable.

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 2017
(all amounts are in Euro unless otherwise stated)
(continued)

3. Vehicle and Equipment

	Office equipment	Vehicle	Total
<i>Historic cost</i>			
As at 01 January 2016	13,330.97	11,853.45	25,184.42
Additions			-
Removals			-
As at 01 January 2017	13,330.97	11,853.45	25,184.42
Additions			-
Removals			-
As at 31 December 2017	13,330.97	11,853.45	25,184.42
<i>Accumulated depreciation</i>			
As at 01 January 2016	(7,647.13)	(6,519.31)	(14,166.44)
Depreciation of the year	(2,214.69)	(2,370.69)	(4,585.38)
As at 01 January 2017	(9,861.82)	(8,890.00)	(18,751.82)
Depreciation of the year	(2,193.79)	(2,370.69)	(4,564.48)
As at 31 December 2017	(12,055.61)	(11,260.69)	(23,316.30)
<i>Net Value in Books</i>			
As at 31 December 2016	3,469.15	2,963.45	6,432.60
As at 31 December 2017	1,275.36	592.76	1,868.12

4. Accounts Receivable

As at 31 December	2017	2016
Advances for Staff	2,161.13	1,311.23
USAID/KOSOVO-Euro	16,550.20	-
Euforia (Erasmus+ Project)	-	6,500.00
COUNCIL of EUROPE office in Pr	14,398.00	-
Prepayments of VAT	671.42	32,374.99
Total	33,780.75	40,186.22

Riinvest Institute for Development Research

Notes to Financial Statements
For the year ended 31 December 2017
(all amounts are in Euro unless otherwise stated)
(continued)

5. Cash and cash equivalents

As at 31 December	2017	2016
Cash at banks	92,348.34	471,094.55
Cash on hand	1,414.04	1,660.40
Total	93,762.38	472,754.95

6. Accounts payable and other payables

As at 31 December	2017	2016
Rest.PISHAT	350.00	-
CETA - Gen.Inv.Group	25,000.00	-
RILINDJA	42.20	-
Tax liability for the rent	148.35	-
Tax liability on personal income	1,786.80	1,870.80
Pension Contributions	1,667.48	1,239.58
Lesna ING AF.	-	307.98
Trembelat	-	220.40
Association of Kosovo Banks	-	400.00
Other	256.07	713.79
Total	29,250.90	4,752.55

Riinvest Institute for Development Research

Notes to Financial Statements
For the year ended 31 December 2017
(all amounts are in Euro unless otherwise stated)
(continued)

7. Deferred Income

For the year ended 31 December	2017	2016
Deferred revenues from USAID/KOSOVO	16,550.20	-
Deferred revenues from USAID - CDF Intermunicipal Cooperation	16,970.39	-
Deferred revenues from PPSE - Margin Share and Studies	22,461.46	-
Deferred revenues from GIZ	7,430.18	-
Deferred revenues from TTF	-	2,241.53
Deferred revenues from EU NOVOBERDE	-	411,682.31
Deferred revenues from Kosovo Foundation for Open Society - Capital Investments	8,975.00	-
Deferred revenues from COUNCIL Of EUROPE Office In Prishtina	22,405.00	-
Deferred revenues from DAI GLOBALLC (X-index) USAID	3,500.00	-
Other Deferred revenues	-	94,264.68
Deferred revenues from depreciation	1,868.12	6,432.60
Total	100,160.35	514,621.12

8. Revenues

For the year ended 31 December	2017	2016
CIPE -Corporate Governance	432	5,897.90
European Commission Development ACAD.	27,957.02	-
European Commission-NOVOBERDA	411,193.40	265,176.45
USAID-CDF Intermunicipal Cooperation	25,014.40	42,083.26
Lux Development Agency-VET Study	44,195.43	4,643.57
Kosovo Foundation for Open Society	9,875.00	23,824.23
ProCredit Bank	1,694.92	-
USAID-ATRC	31,587.35	32,260.53
EUFORIA (Erasmus + Project)	6,500.00	-
SWISCONTACT PPSE-Margin Share and Studies	28,395.00	22,005.00
SWISCONTACT (KOS-PPSE)	58,668.67	49,632.43
Leadership and Growth Council	-	13,900.00
Open Society Think Tank Found	-	42,519.60
European Commission SELDI-Anti Corruption Initiative	-	17,304.41
European Commission PASOS-Open Governance	-	18,357.07
European Commission DEVELOPMENT ACADEMY	-	165,794.99
Other revenues	3,091.77	3,678.24
WIIW-Viener Institute	-	1,000.00
Total	648,604.96	708,077.68

Riinvest Institute for Development Research

Notes to Financial Statements
For the year ended 31 December 2017
(all amounts are in Euro unless otherwise stated)
(continued)

9. Payroll Expenses

For the year ended 31 December	2017	2016
Net salary costs	225,442.26	274,084.93
Worker pension contributions	21,761.48	29,242.50
Tax on Personal Income Tax	21,483.34	26,441.30
Total	268,687.08	329,768.73

10. Programme expenses

For the year ended 31 December	2017	2016
Grants to municipalities and businesses EU-Acad.2	23,500.00	62,666.00
Pollsters and Surveys	78.4	9,380.00
Expenses for local counselors	284,794.33	-
Costs for external consultants	-	1,238.25
Energy costs	5,456.16	2,799.51
Hygienic material	3,300.00	2,193.98
Telephone and mail costs	1,113.20	1,164.85
Costs for Internet & Website	162.27	214.13
Audit Costs	-	5,342.37
Rent expenses	19,780.20	19,836.98
Expenses for the technique of sound	1,040.01	2,790.00
Translation & edits	465	-
Travel expenses in country	2,127.48	5,653.71
The costs of travel abroad	1,217.80	2,028.44
Costs for membership	15	515
Representation expenses and advertising-representation	1,610.54	2,405.31
Costs for office material	1,912.32	2,410.01
Registration costs and vehicle servicing	1,416.32	803.34
Costs for heating	2,220.00	2,052.20
Daily Press Expenses	435	364.5
Equipment and supplies	724.04	5,679.74
Negative exchange differences	-	14.88
Bank provisions	1,147.69	2,941.45
Miscellaneous expenses	1,398.09	325.41
Publications, Banners, Brochures	14,027.64	31,272.60
Activities costs	-	199,775.22
Water expenses	713.22	-
Costs for training, workshops, roundtables	5,770.13	9,855.68
Total	374,424.84	373,723.56

Riininvest Institute for Development Research

Notes to Financial Statements

For the year ended 31 December 2017

(all amounts are in Euro unless otherwise stated)

(continued)

11. Returns to the Donor

Returns to the "European Commission PASOS + SELDI" Donor occurred in 2017 in the amount of 928.56 Euros.

12. Subsequent events

There are no events subsequent to the date of Statement of Financial Position that require adjustments or disclosure in the Financial Statements.