

Initiative for progress - INPO

Independent Auditor's Report and financial individual statements
for the year ended December 31, 2018

Initiative for progress - INPO

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INDEPENDENT AUDITORS' REPORT

To the Management of Initiative for progress - INPO

Opinion

We have audited the accompanying financial statements of Initiative for progress - INPO, which comprise the statement of financial position as at December 31, 2018, and the statement of revenue and expenditure, statement of changes in fund balances and statement of cash flow for the year then ended, and other explanatory notes.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Initiative for progress - INPO as of December 31, 2018, results of its operation and the cash flow for the years then ended in conformity with International Financial Reporting Standards.

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 Project financial report section of our report. We are independent of the Business in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), 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.

Responsibilities of Management and those charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard and the internal controls that the management deems necessary to enable the preparation of financial statements without material misstatement due to fraud or error. For the financial statements preparation, management is responsible for assessing the company's ability to sustainability in the future, disclosing, as necessary, future sustainability issues and using the accounting continuity principle unless management intends to liquidate the Company or Interrupt the operation, or there is no other possible alternative than to do it. 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 total, 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 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 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 Organization'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 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.

Armend Osaj – Statutory Auditor
ACA – Audit & Consulting Associates
Prishtine, Kosovo
June 2019

Initiative for progress - INPO
Statement of Financial Position
For the year ended December 31, 2018

	Note	December 31, 2018 (in EUR)	December 31, 2017 (in EUR)
ASSETS			
Non-current assets			
Property and equipment		-	-
Total non-current assets		<u>-</u>	<u>-</u>
Current assets			
Accounts Receivable			
Cash and bank balances	4	49,203	84,762
Total current assets		<u>49,203</u>	<u>84,762</u>
TOTAL ASSETS		<u>49,203</u>	<u>84,762</u>
LIABILITIES AND RESERVES			
Current liabilities			
Accounts payable and accrued expenses		264	469
Deferred Revenue	5	48,938	84,293
Total current liabilities		<u>49,203</u>	<u>84,762</u>
Reserves			
Retained surplus		-	-
Net (deficit)/surplus for the year		-	-
Total reserves		<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND RESERVES		<u>49,203</u>	<u>84,762</u>

The financial statements have been signed on June 2019 by:

Albulena Nrecaj

Executive Director

Venera Ajeti

Finance manager

The accompanying notes from 1 to 12 form an integral part of these financial statements

Initiative for progress - INPO
Statement of Revenue and Expenditures
For the year ended December 31, 2018

	Notes	December 31, 2018 (in EUR)	December 31, 2017 (in EUR)
Income			
Income from Donation	6	112,839	99,711
Total income		112,839	99,711
Expenditure			
Personel expenses	7	46,692	51,486
Project activities		27,718	18,407
Operation expenses	8	8,962	9,830
Contractual Services	9	15,522	8,195
Rent expenses		5,604	7,012
Software and web expenses	10	500	4,780
Returned amount to the donor		7,841	-
Total expenditure		112,839	99,711
Net (Deficit)/surplus for the year		-	-

The accompanying notes from 1 to 12 form an integral part of these financial statements

Initiative for progress - INPO
Statement of Cash Flow
For the year ended December 31, 2018

	December 31, 2018 (in EUR)	December 31, 2017 (in EUR)
Cash flows from operating activities		
(Deficit)/surplus for the period	-	-
Adjustment for:		
Depreciation	-	-
Change in deferred revenues	(35,354)	58,111
Change in receivables	-	1,000
Change in payables	(205)	(531)
Net cash from operating activities	<u>(35,559)</u>	<u>58,580</u>
Cash flows from investing activities		
Acquisition of property and equipment	-	-
Net cash used in investing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	(35,559)	58,580
Cash and cash equivalents at 1 January	84,762	26,182
Cash and cash equivalents at 31 December	<u><u>49,203</u></u>	<u><u>84,762</u></u>

The accompanying notes from 1 to 12 form an integral part of these financial statements

Initiative for progress - INPO
Notes to the Financial Statements
For the year ended December 31, 2018

1. INTRODUCTION

INPO was established in 2005 by implementing activities that have helped integrate citizens into social and decision-making processes. After three years of effective work, considering the importance of INPO profiling, we have defined the field of public policy as the core purpose of the organization's work.

Although at INPO, at the beginning of its activity, most of the staff were without sufficient experience in management and the field of public policy, we have succeeded in proving commitment and seriousness in our work. Supporting consultation and discipline at work; through the artistic performance of the protest, debate, advocacy campaigns, we managed to change the non-functional strategies and regulations of local government institutions. Further, we have gained the respect and trust of citizens by mediating and facilitating the resolution of problems or administrative conflicts with local government.

Advocacy and awareness-raising campaigns in the field of public policy make up the most successful aspect of the organization's work over these seven years. We intend to be a constructive partner in all processes within our field of activity.

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Notes to the Financial Statements (Continued)
For the year ended December 31, 2018

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 Standards and Interpretations effective in the current period

Below are presented the amendments to the existing standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee which are effective for the current period:

Standard	Description	Effective date
Amendment to IFRS 14	Regulatory Deferral Accounts	beginning on or after 1 January 2016
Amendment to IFRS 10	Consolidated Financial Statements	beginning on or after 1 January 2016
Amendment to IFRS 11	Joint Arrangements	beginning on or after 1 January 2016
Amendment to IFRS 12	Disclosure of Interests in other Entities	beginning on or after 1 January 2017
Amendment to IAS 1	Presentation of Financial Statements	beginning on or after 1 January 2016
Amendment to IAS 7	Disclosure Initiative	beginning on or after 1 January 2017
Amendment to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	beginning on or after 1 January 2017
Amendment to IAS 16	Property, Plant and Equipment	beginning on or after 1 January 2016
Amendment to IAS 27	Separate Financial Statements	beginning on or after 1 January 2016
Amendment to IAS 28	Investments in Associates and Joint Ventures	beginning on or after 1 January 2016
Amendment to IAS 38	Intangible Assets	beginning on or after 1 January 2016
Amendment to IAS 41	Agriculture-Bearer Plants	beginning on or after 1 January 2016
Amendment to different standards	Improvements to IFRS (2012-2014 Cycle)-resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to remove inconsistencies and clarifying wording	annual periods beginning on or after January 1, 2016
Amendment to different standards	Improvements to IFRS (2010-2012 Cycle) - The annual project resulting from improvements in quality of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to remove	beginning on or after 1 July 2014

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Notes to the Financial Statements (Continued)
For the year ended December 31, 2018

	inconsistencies and clarifying wording	
Amendment to different standards	Improvements to IFRS (2011-2013 Cycle)-resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to remove inconsistencies and clarifying wording	annual periods beginning on or after July 1, 2014

2.2 Standards and interpretations in issue not yet effective

In these financial statements the following standards, revisions and interpretations were in issue but not yet effective:

Standard	Description	Effective date
IFRS 1	Amendments resulting from <i>Annual Improvements 2014–2016 Cycle</i> (removing short-term exemptions)	beginning on or after 1 January 2018
IFRS 2	Classification and Measurement of Share-based Payment transactions	beginning on or after 1 January 2018
IFRS 3	Amendments resulting from <i>Annual Improvements 2015–2017 Cycle</i> (remeasurement of previously held interest)	beginning on or after 1 January 2019
IFRS 9	Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.	beginning on or after 1 January 2018
IFRS 9	Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	beginning on or after 1 January 2019
IFRS 11	Amendments resulting from <i>Annual Improvements 2015–</i>	beginning on or after 1 January 2019

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Notes to the Financial Statements (Continued)
For the year ended December 31, 2018

	<i>2017 Cycle</i> (remeasurement of previously held interest)	
IFRS 15	Clarifications to IFRS 15	beginning on or after 1 January 2018
IFRS 16	Leases	beginning on or after 1 January 2019
IFRS 17	Original issue	beginning on or after 1 January 2021
IAS 12	Amendments resulting from <i>Annual Improvements 2015–2017 Cycle</i> (income tax consequences of dividends)	beginning on or after 1 January 2019
IAS 19	Amendments regarding plan amendments, curtailments or settlements	beginning on or after 1 January 2019
IAS 23	Amendments resulting from <i>Annual Improvements 2015–2017 Cycle</i> (borrowing costs eligible for capitalisation)	beginning on or after 1 January 2019
IAS 28	Amendments resulting from <i>Annual Improvements 2014–2016 Cycle</i> (clarifying certain fair value measurements)	beginning on or after 1 January 2018
IAS 28	Amendments regarding long-term interests in associates and joint ventures	beginning on or after 1 January 2019
IAS 40	Amendments to clarify transfers or property to, or from, investment property	beginning on or after 1 January 2018

The organization has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The entity anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements of the entity in the period of initial application.

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Notes to the Financial Statements (Continued)
For the year ended December 31, 2018

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

Financial Statements are prepared for reporting purposes in accordance with applicable laws of Kosovo, and represent the entire picture of economic events that occurred in "INPO" during 2018.

3.2 Currency of presentation

The reporting currency of INPO is the European Union currency unit Euro ("EUR").

3.3 Significant accounting policies

A summary of the most significant accounting policies adopted in the preparation of the financial statements is presented below:

3.3.1 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are considered to be cash on hand and at banks and in operating accounts at banks with an original maturity of three months or less.

3.3.2 Revenue recognition

Revenues from grants are recognized as income on a straight-line basis over the period of the operation.

3.3.3 Expenses recognition

Expenses incurred for generation incomes are recognized in that period with the historical costs.

3.3.4 Taxation

INPO was established as a non-governmental organization, therefore it has responsibility and acts as an NGO according to the laws in force in Kosovo.

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Notes to the Financial Statements (Continued)
For the year ended December 31, 2018

4. CASH AND BANK BALANCES

Cash and Bank Balances	December 31, 2018 (in EUR)	December 31, 2017 (in EUR)
Cash bank account - ProCredit	215	36,659
Cash bank account - ProCredit	-	14,742
Cash bank account - ProCredit	9,680	814
Cash bank account - ProCredit	24,524	803
Cash bank account - ProCredit	13,601	19,810
Cash bank account - ProCredit	834	10,245
Cash bank account - ProCredit	348	1,690
Cash in hand	-	0
Total Cash and Bank Balances	<u>49,203</u>	<u>84,762</u>

During 2018 INPO used the ProCredit Bank accounts for all entries and exits of the organization.

5. DEFERRED REVENUES

Deferred Revenue	December 31, 2018 (in EUR)	December 31, 2017 (in EUR)
Balance as at 01 January	84,293	26,182
Donation received during the year	77,485	157,822
Release to income during the year	(112,839)	(99,711)
Total Deferred Revenue	<u>48,938</u>	<u>84,293</u>

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Notes to the Financial Statements (Continued)
For the year ended December 31, 2018

6. INCOME FROM DONATION

Income from Donation	December 31, 2018 (in EUR)	December 31, 2017 (in EUR)
Income from KCSF	200	57,072
Income from The Charles Stewart Mott Foundation		43,954
Income from Kosovo Foundation for Open Society	9,238	14,708
Income from WeBer	834	6,784
Income from Rockefeller Foundation	25,974	16,632
Income from GIZ	30,371	6,947
Income from ATRC & USAID	-	4,658
Income from GAP Institute	-	1,980
Income from Civikos platform	1,085	1,272
Income from Municipality of Ferizaj	-	1,000
Income from CDF	3,620	1,195
Income from IKD	4,883	
Income from IKD D4D	900	
Income from Debate Center	150	
Income from participation	230	
Income from Municipality of Pristina	-	1,620
Deferred revenue from previous year	84,293	26,182
Total Income from Donation	161,777	184,003
Deferred revenue for 2018	(48,938)	(84,293)
Total Income from Donation	112,839	99,711

7. PERSONNEL EXPENSES

Personnel expenses	December 31, 2018 (in EUR)	December 31, 2017 (in EUR)
Personnel salaries	46,692	48,248
Regional Coordinator	-	3,239
Total Personnel expenses	46,692	51,486

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Notes to the Financial Statements (Continued)
For the year ended December 31, 2018

8. OPERATION EXPENSES

	December 31, 2018 (in EUR)	December 31, 2017 (in EUR)
Operation expenses		
Travel	3,038	3,587
Telephone, Telecommunications	1,710	1,903
Supplies	966	1,773
Printing and Copying	1,008	1,350
Utilities	690	1,217
Other expenses	1,549	-
Total operation expenses	8,962	9,830

9. CONTRACTUAL SERVICES

	December 31, 2018 (in EUR)	December 31, 2017 (in EUR)
Contractual services		
Outside Contract Services	15,177	7,905
Bank Fees	345	290
Total Contractual Services	15,522	8,195

10. SOFTWARE AND WEB EXPENSES

	December 31, 2018 (in EUR)	December 31, 2017 (in EUR)
Software and web expenses		
Web and Database	500	2,600
Equipment	-	2,180
Total Software and web expenses	500	4,780

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Notes to the Financial Statements (Continued)
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11. RELATED PARTY DISCLOSURE

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

12. RISK MANAGEMENT

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. INPO is not exposed to credit risk in respect of Grant receivable from its Donors.

Interest rate risk

The INPO currently is not exposed to the interest rate risk.

Foreign exchange risk

INPO has not been exposed to international exchange risk as transactions occur in local currency.

Liquidity risk

Liquidity risk is defined as the risk when the maturity of assets and liabilities does not match. The INPO is committed monitor its liquidity on a periodic basis in order to manage its obligations as and when they shall become due.

Fair value of financial instruments

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.