



DEMOCRACY FOR DEVELOPMENT (D4D)

FINANCIAL STATEMENT AND INDEPENDENT AUDITOR'S REPORT

For the period 01.01.2014-31.12.2014

Democracy for Development
Financial Statement and Independent Auditor's Report
For the period 01.01.2014-31.1.2014

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Abbreviations used:

- ISA International Standards on Auditing
- IAS International Accounting Standards
- D4D-Democracy for Development
- NGOs - Non Governmental Organizations

General information

Democracy for Development

The **Democracy for Development (D4D)** Institute was established in April 2010 by a group of analysts who increasingly worried that the state-building exercise had neglected democracy. D4D's vision is to promote an active and educated citizenry that participates fully in the public space and utilizes the public arena of representation and decision-making to deliberate and build consensus over resource allocation that is efficient, smart, long-term, and that brings about equitable development. D4D influences specific policy, promotes a cross-sectorial approach to problem solving, and tackles the institutional routine of decision-making by recommending incremental improvements. D4D counteracts the lack of data with a culture of rigorous research, thoughtful analysis, and healthy debate. To make headway, D4D first offers its research findings to interested stakeholders, which is followed by a paper with recommendations, wider national dialogue, advocacy with authorities, and pressure through the media. The main program pillars of D4D are:

1. Elections and Political Parties
2. Governance and Inter-Ethnic Relations
3. Public Interest
4. Data and Research Skills

Elections and Political Parties

Project 1. Election Adjudication

Through observation of legal cases, analysis of the process, meticulous statistics, institutional map-out, support to the Working Group, D4D aims to have recommendations come out of the Working Group, and build widespread consensus by the institutions involved into bringing about lasting improvement. D4D aimed to support and encourage active involvement of the established working group and maintain it as a permanent vehicle to coordinate, review challenges, discuss obstacles and deliberate on the lessons learned.

Project 2. Analysis of Election Trends in Kosovo

After gathering relevant data on local and general elections of Kosovo and updating a simple and user-friendly database, the objective of this project was to analyze trends and identify relative weaknesses and areas for improvement of the election process and electoral system in Kosovo. The findings and analysis have been compiled in a publication that will be distributed for wider discussion and will serve as a basis for further consideration in election legislation reform. The overarching goal of the project was to ensure that all stakeholders engaged in the electoral process will have a clear understanding of the election results, infer constructive conclusions from the trends, identify worrisome trends, and make the best possible critique and evaluation of the current electoral system. The project was supported by the Embassy of the Kingdom of the Netherlands.

Project 3. The Higher the Number of Women Engaged, the Better the Elections

The main goal of the project was to increase women's participation in electoral processes. From dialogues with political entities at central level, to workshops with party branches at local level, to review of electoral strategies and forms, to formal party pledges and development of outreach materials, the activities aimed to offer solutions to some of the key problems related to gender balance in electoral processes.

Governance and Inter-Ethnic Relations

Project 1. Responsive and Cost-Effective Policy Making

The main objective of the project was to draft three policy papers in a proper fashion including public consultations with wide inclusion of all interested groups with special focus on inclusion of vulnerable and marginalized groups and a multi-stage decisions. Apart of the result of the three papers, the objective was to have a broader impact, whereby the process across the board starts to improve. Policy papers and their public discussion over potential remedies of public problems would open-up policy-making for scrutiny, building consensus, responsibility sharing, promoting national dialogue, improving decision-making, reducing costs and increasing the trust. The main activities included: research and mapping of the current situation, public consultations, policy papers and focus group and launch of the policy papers. Supported by Swiss Cooperation Office in Kosovo.

Project 2. Conflict Transformation Program

Dialogue and cooperation are a confidence building measure that should ultimately lead to enhanced cooperation between various targeted groups such as students, women, entrepreneurs, etc., from both Kosovo Albanian and Kosovo Serb communities. The overall goal of the project is to promote greater interethnic cooperation between the Kosovo Albanian and Kosovo Serbs and strengthen interethnic trust through establishment of sustainable communication and interaction targeting youth, students, women, businesses and membership groups. The set of proposed activities aims to improve the interethnic relations by encouraging and intensifying opportunities for a constructive communication and cooperation. Supported by National Democratic Institute / USAID.

Project 3. Creating a New Generation of Women Leaders in Kosovo and Serbia

New forms of interaction and co-operation between businesswomen and women from other relevant sectors (politics, civil society, arts and culture, etc.) from Serbia and Kosovo, respectively, ultimately contributing to strengthening of cross-border cooperation and further rapprochement between the two countries. Strengthened cooperation between businesswomen from Serbia and Kosovo leading to establishment of a Women Business Forum, which will serve as a platform for future joint activities and improvement of economic, social and other ties between the two. *Supported by the Embassies of the United Kingdom in Pristina and Belgrade.*

Public Interest

Project 1. Scenario Building and Fast Reactions – Institutional Grant

The overall goal of the project was to improve interethnic relations, assist the transition of the Serb community quality research and participatory deliberation, promote recommendations to prevent events that could worsen the security situation, economy, governance, with focus on interethnic relations. Improving transparency and increasing accountability through publications of fast reactions and increasing capacities of a number of analysts to predict various situations and scenarios. The main target groups of this program have been Kosovo Serb political leadership, Albanian and Serb political parties and leaders, local municipal authorities, civil society organizations. The main beneficiaries are the institutions of Kosovo, Kosovo Serb, and Albanian communities, Kosovo Serb moderate leaders and selected northern Serb leaders. *Funded by the Kosovo Civil Society Foundation.*

Project 2. Let the Real Civil Society Please Stand Up!

The main objective of the project was to improve the representation and participation of membership association in public affairs and encourage politicians to seek and represent interests of membership groups. The main strategy was to help political officials to recognize the electoral benefits of representing the interests of membership groups. By corollary, the initiative is to support and encourage membership groups to organize better, mobilize membership, become more visible in the media, in order to pursue their interests with policy-makers more effectively. Within the project, there were three main components: understand and support membership groups; understand and support political representatives and third, match the interests of membership groups and elected representatives. *Project has been supported by Olof Palme International Center.*

Project 3. Tuesday Salon

Tuesday Salon initiative aims to create a better understanding of the problems and accumulate creative ideas how to address them, as well as to make a public impact through the editorials and audio podcasts aired at one of the most listened Kosovo radio channel. D4D's Salon initiative brings together experts and analysts, politicians and publicists, businessmen and civil society, ministers and mayors, economists and journalists, intellectuals and academics, artists and activists, students and Members of Parliament, secularists and Islamists, internationals and professionals, former and current decision-makers, to reflect on important issues, exchange views and build consensus among them.

Data and Research Skills

Project 1. Indicators 4 Development: Objective Evaluation and Competition for Performance in Public Office

Having moved from paper to the web, I4D-Indicators4Development brings to life easy-to-read statistics, aimed to improve governance through constructive measurement, evidence-based pressure to governmental institutions by informed civil society and public and provide reference for researchers and public administrators alike. The use of indicators and its analysis have been conducted in such a way as to instigate competition, promote individual responsibility and help focus the public pressure. The initiative aimed to: Promote meritocracy in the public sector; Highlight problematic areas in need of policy attention; Areas of progress or of deficiency and ascribe personalized responsibility, hence help successful officials boast about their success, and less successful unable to hide, which ultimately will improve performance; Improve public accountability and involvement of diverse stakeholders by strengthening the sense of public accountability and civil society through performance indicators. *The project was supported by Balkans Trust for Democracy.*

Project 2. Use of Indicators to Improve Accountability and Promote Regional Competition – Portal I4D

This project aimed to instigate competition among countries in the Western Balkans for performance of public authorities through the use of our upgraded platform (www.indicators4development.org). Our collection of data for standardized indicators for six regional countries would enable comparison of their performance, expecting to put in motion public shame in countries lagging behind others. Countries of the Western Balkans (Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro and Serbia) aim to join the European Union (EU) and successful performance of some countries can mobilize additional efforts among laggard countries. Project was supported within the activities of Think Tank Fund of Foundation Open Society Institute.

Organizational Development

Organizational development grants aim to provide support for improvement in the three specific areas of think tank activity and operation: quality of research products; communications and advocacy capacities and internal development and governance. The grants aims to strengthen the capacities of the organization in the quality of outputs and research products; developing a communication and outreach strategy; training for staff and other civil society representatives; improve internal governance through regular board meetings and strategic planning. The project is supported by Open Society Institute through the activities of Think Tank Fund.

Independen Auditor’s Report For the Management of “Democracy For Development”

We have audited the financial statements of “Democracy for Development” (D4D). Financial Statements included Balance Sheet for the period of January-December 2014, Income Statements for the period of January-December 2014 and a summary of important accounting policies and other explanatory notes.

Management responsibility for Financial Statements

The management is responsible for fairly presenting and preparing financial statements in accordance with International Standards of Financial Reporting (ISFR). The management responsibility consists of: a) design, implementation, and conducting proper internal control for preparing and presenting fair financial statements that are free of material mistakes regardless of fraud or error, and b) selecting and implementing proper accounting policies and accounting evaluations that are reasonable in certain circumstances.

Auditor’s responsibility

Our responsibility is to express an opinion based on the audit of presented Financial Statements. We have conducted the audit in accordance with International Standards of Audit (ISA). These standards require us to follow ethical requirements and plan, as well as conduct an audit to collect reasonable assurance that the financial statements are free of any informational mistakes. The audit includes conducting procedures to gather evidence regarding values and disclosures on financial statements. Audit procedures are selected depending on auditor’s judgement, including risk evaluation of mistakes in the financial statements, regardless of fraud or error.

An audit also includes evaluation of the relevance and appropriateness of used principles of accounting and the evaluation of general presentation of financial statements.

We believe that the evidence we gathered during our audit gives us a reasonable and solid base to build our opinion.

The opinion

Total incomes of NGO “D4D”, received by donors is 207,640.04 Euro and total expenses incurred during the period 01.01.2014-31.12.2014, is 180,768.50 Euro.

Based on our opinion, financial statements of “D4D” present a fair view of all material aspects, also presents fair results of operations, the cash flow for the calendar year that ends on 31 December 2014, and are harmonized with International Financial Reporting Standards.

”Univerzum Audit”

Prishtinë, April 2016

Besa Berisha –Statutory Auditor

Income Statement

D4D

Jan - Dec 14

Ordinary Income/Expense

Income

Program Grants

Swiss Federal Department for Foreign Affairs	33,846.16
Olof Palme International Center	32,920.56
United Kingdom Embassy in Pristina	26,070.58
Think Tank Fund – Open Society Institute	22,995.68
Balkan Trust for Democracy (Indicator Project)	18,401.06
Kosovo Civil Society Foundation	15,000.00
Heinrich Boll Stiftung	14,831.50
Embassy of the Kingdom of the Netherlands	12,450.00
National Democratic Institute	11,415.13
Swiss Cooperation Office in Kosovo	10,500.00
Council for Communities of Democracy	4,393.40
Central European Policy Institute	3,028.50
Analitika - RRPP	1,537.47
BIRN	250.00

Total Program Grants

207,640.04

Total Income

207,640.04

Expenses

Balkan Trust for Democracy – Indicators4Development	10,093.67
National Democratic Institute - NDI	4,458.47
University	823.00
Swiss Cooperation Office - Kosovo	2,280.00
British Council	2,824.53
Olof Palme International Center	28,270.75
Swiss Federal Department for Foreign Affairs	51,240.95
United Kingdom Embassy	29,876.01
Embassy of Netherlands (Elections Trends)	3,388.91
Heinrich Boll Stiftung	14,206.50
Embassy of Netherlands (Why Should I Vote for You!)	1,497.05
Friedrich Ebert Stiftung - FES	2,623.50
Balkan Trust for Democracy – Indicators 2013	3,476.03
Other grants	4,898.03
Kosovo Civil Society Foundation	20,500.05
RRPP	311.00

Total Expense

180,768.50

Net ordinary income

-26,871.54

Balance Sheet

Dec 31, 14

ASSETS

Current Assets

Checking/Savings

Petty Cash D4D	1,164.87
Swiss FDFA (1185001246010123)	12,829.95
Embassy of Netherlands (1117001246030110)	7,108.81
BTD (1117001246080162)	855.77
SCO-K (1185001246000132)	8,050.40
TTF - OSI (1185001246020114)	22,993.68
RRPP (1117001246060180)	1,568.59
OPIC (1117001246010128)	4,655.03
NDI (1117001246020119)	6,957.66
TTF Visualization (1117001246040198)	1,737.12
Overhead (1117001246070171)	16.84
D4D Institutional (1117001246050189)	9,830.70

Total Checking/Savings 77,769.42

Total Current Assets

77,769.42

TOTAL ASSETS

77,769.42

LIABILITIES & EQUITY

Liabilities

Long Term Liabilities

Other Liabilities 99.96

Total Long Term Liabilities 99.96

Total Liabilities 99.96

Equity

Unrestricted Net Assets 50,797.92

Net Income -26,871.54

Total Equity 77,669.46

TOTAL LIABILITIES & EQUITY

77,769.42

CASH FLOW

	Jan - Dec 14
OPERATING ACTIVITIES	
Net Income	<u>(26,871.54)</u>
Net cash provided by Operating Activities	<u>(26,871.54)</u>
Net cash increase for period	(26,871.54)
Cash at beginning of period	<u>50,897.88</u>
Cash at end of period	<u><u>77,769.42</u></u>

REPORT DETAILS

CHAPTER 1.

Procedures performed and Factual Findings

We conducted our audit in accordance with procedures which D4D Institute has agreed with S.E "Univerzum Audit" to verify the income and expenditure for the period January 2014 to December 2014.

These procedures include checks, paying special attention:

- Documentation, presentation and record keeping of expenses and revenues of the Project;
- The appropriateness of expenditures and revenues of the Project;
- Management of cash and bank and their harmonization.
- Accounting and financial reporting of income and expenses for projects

Scope of the audit work

Income and expenses Warrant / Program

We have verified all funds received by the D4D, and expenditure of these funds on a project basis, and if those funds are spent in accordance with the budget approved by the budget lines and whether based on evidence.

Conclusion

During our investigation, we have determined that all funds are spent based on the approved budget by attending all regular procedures, and costs of these funds are made under Project and budget lines previously approved. Also we have found that all transactions are recorded in the accounting system by projects that they belong and are proven with supporting documentation.

Findings

There are no findings to report.

Bank Accounts

During the audit procedures, we verify whether the bank accounts and petty cash are managed and used according to the rules of a and whether those accounts are maintained and harmonized.

Conclusion

During the verification of the bank account and the cash we have found that all withdrawals and payments transactions are authorized and signed by the responsible persons.

Findings

There are no findings to be reported.

Internal control system

We have evaluated the adequacy and effectiveness of the overall system of internal controls to monitor spending at all levels and other financial transactions, paying particular attention to the adequacy and effectiveness of controls and documentation about their transactions.

Conclusion

During our investigation, we have found that within the organization there is an internal control where the monitoring program and the expenditure of several levels, by controlling all accounting transactions, payments through bank and cash, supporting documentation of all transactions.

Findings

There are no findings to be reported.

CHAPTER 2

Basis of preparing accounting policies and disclosures

2.1 Basis of preparation

The financial statements are prepared in accordance with the laws of the Republic of Kosovo in force and provide an overview of the D4D Institute.

2.2 Reporting currency

The reporting currency of the D4D Institute is the currency of the European Union (Euro).

2.3 Significant Accounting Policies

A summary of the significant accounting under which financial statements are prepared are as follows:

2.3.1 Cash

For the purpose of reporting these financial statements, cash and money equivalents are considered to be cash on hand and in banks.

2.3.2 Revenue recognition

Grant revenue is recognized as revenue in the period when they are received. At the end of the remaining amount of money is recognized as the excess of revenues over expenses.

2.3.4 Recognition of expenses

The expenditure is done when they occurred.

2.3.4 Tax

D4D was established as a Non-Governmental Organization with the non-profit beneficiary status under the Regulations of the Republic of Kosovo no. 2009/03L134.

2.3.5 Assets

All assets purchased as inventory and equipment, are recognized as an expense at the time of their purchase.

Disclosure of expenses

Expense

Balkan Trust for Democracy – Indicators4Development

1.Human Resources

1.1 Executive Director/Editor	596.00
1.2 Area Experts	875.70
1.3 Financial officer	721.25

Total 1.Human Resources **2,192.95**

2. Activities

2.1 Online platform maintenance/update	1,748.22
2.2 Data Collection	4,810.02
2.4 Project supplies	179.46
2.5 Meetings with stakeholders	23.80

Total 2. Activities **6,761.50**

3. Administration

3.1 Telecommunication	244.50
3.2 Rent	700.00
3.3 Utilities	194.72

Total 3. Administration **1,139.22**

Total **10,093.67**

Total Expenses (BTD) **10,093.67**

National Democratic Institute – Conflict Transformation Program

OFFICE OPERATION COSTS

Salaries and Benefits

1. Program Manager	3,172.46
2. Finance Manager	618.00
3.Executive Director	580.00

Total Salaries and Benefits **4,370.46**

Office supplies and equipment

a. Office supplies	57.01
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Total Office supplies and equipment **57.01**

Communications

a. Office Telephone	30.00
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Total Communications **30.00**

Total OFFICE OPERATION COSTS	4,457.47
Contractual Services	
Other administrative costs	
d. Bank Charges	1.00
Total Other administrative costs	1.00
Total Contractual Services	1.00
Total - NDI	4,458.47

Participation to conference in the United States	823.00
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Swiss Cooperation Office – Policy Papers

1. Direct project costs

1.3 Senior Editing & Expertise	1,110.00
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Total 1. Direct project costs	1,110.00
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2. Project personnel costs

2.1 Project Coordinator	1,060.00
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Total 2. Project personnel costs	1,060.00
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3. General admin costs

3.1 Admin costs	110.00
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Total 3. General admin costs	110.00
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Total 16123 SCO-K	2,280.00
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British Council – Travel ticket and accommodation	2,824.53
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Olof Palme International Center – Membership groups

1.0 Travel	267.40
2.0 Food	2,287.50
3.0 Conference Room	899.80
4.0 Translation	62.00
5.0 Expert	16,130.95
6.0 Materials	116.80
8.0 PM	3,514.56
9.0 Admin	
Rent	1,700.00

Telecommunications	710.71
Operational Costs (Office Supplies)	506.47
Utilities	1,975.34
Bank Fees	93.22
Total 9.0 Admin	4,991.74
Total -OPIC	28,270.75

Swiss Federal Department for Foreign Affairs – Election Adjudication

1. Personnel

1.1 Program Manager	16,440.00
1.2 Chief Analyst	13,141.00
1.3 Finance Officer	2,448.00

Total 1. Personnel **32,029.00**

2. Contractual Services

2.4 Intern	484.35
2.6 Web Maintenance	599.00

Total 2. Contractual Services **1,083.35**

3. Activities

3.1 Case Observation	8,229.00
3.2 Workshops (Working Group)	2,952.25
3.3 Events/Roundtables	485.55
3.4 Meetings	78.30
3.5 Focus Group	860.30
3.7 Legal Support	1,585.00
3.8 Outreach (media/civil society)	130.30

3.9 Conference	515.30
3.11 Translation	860.00
3.13 Local Transport	217.08
3.16 Newspapers	254.80
3.17 Brochure	820.00

Total 3. Activities **16,987.88**

4. Administration

4.1 Office Rent	300.00
4.2 Internet	158.00
4.3 Telephone	603.21
4.4 Overhead @ 3%	79.51

Total 4. Administration **1,140.72**

Total - FDFA	51,240.95
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United Kingdom Embassy – Women’s Leaders

Forum Supporting Activities	1,845.40
Thematic discussions	1,807.20
conference/seminars	4,073.40
Exchange a	8,724.62
Working breakfasts	567.60
Project Coordinator	6,922.00
Project Assistant	3,110.00
Office management costs	2,212.79
Accountant	613.00

Total United Kingdom Embassy	29,876.01
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Embassy of Netherlands – Election Trends

1.1 Project Manager	555.00
1.2 Chief Analyst	1,050.00
1.3 Research Assistants	551.45
1.8 Administration	1,232.46

Total - Embassy of Netherlands – Election Trends	3,388.91
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Heinrich Boll Stiftung

1. Honoraria

1.1 Project Coordinator	4,501.00
1.2 Analysis	1,975.00
1.3 Paper Writing	2,450.00
1.4 Editing	176.00
1.5 Interviews	200.00
1.6 Interview Assistance	360.00
1.7 Interview Transcripts	80.00
1.8 Translation into Albanian	240.00
1.9 Translation into Serbian	240.00
1.12 Event Interpreting	120.00

Total 1. Honoraria	10,342.00
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2. Travel	26.65
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3 Refreshments	
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3.1 Event (Catering)	700.00
3.2 Focus Groups	419.93
Total 3 Refreshments	1,119.93
4. Rent	
4.1 Conference room	295.00
4.2 Translation equipment	180.00
Total 4. Rent	475.00
5. Administration cost	
6.1 Office Materials	153.23
6.2 Bank fees, Audit	62.49
Total 5. Administration cost	215.72
7. Publications	
7.1 Publication in Albanian	726.70
7.2 Publication in English	507.00
7.3 Publication in Serbian	253.50
7.4 Publication layout and desi	540.00
Total 7. Publications	2,027.20
Total - HBF	14,206.50

Embassy of Netherlands - Why should i vote for u	
1.5 Travel & Refreshments	70.00
1.8 Office Expenses	6.45
1.9 Podcasts	720.60
2. Evaluation	700.00
Total - Embassy of Netherlands - Why should i vote for u	1,497.05

FES	
Interviews	1,979.40
Interview Costs	644.10
Total FES	2,623.50

Balkans Trust for Democracy – Indicators 2013

1 Human Resources

1.4 Translator (2 languages) 29.47

Total 1 Human Resources 29.47

2. Activities

2.2 IT/GIS Support 344.56

2.5 Data Collection 930.00

2.6 Thematic Workshops 2,168.00

2.7 Print and translation 4.00

Total 2. Activities 3,446.56

Total Balkans Trust for Democracy – Indicators 2013 3,476.03

Other donors (CEPI, CCD, D4D Overhead)

Total other 4,898.03

Kosovo Civil Society Foundation – Institutional Grant

2.0 Direct Project Costs

2.1 Paid Internship Program 150.00

2.2 Scenario Building Project Le 450.00

2.4 Scenario Building & Publications 9,162.31

2.5 Workshop Moderations 465.00

2.6 Fast Reactions Publication 3,659.65

2.7 Fast Reactions Translation 336.84

Total 2.0 Direct Project Costs 14,223.80

3.0 Operational Costs

3.1 Office Rent 390.00

3.3 Communication 470.00

3.4 Local transport 70.55

3.5 Utilities 342.60

3.6 Bank Fees 11.00

Total 3.0 Operational Costs 1,284.15

4.0 Equipment Casts

4.1 Over-head Projector 170.00

4.2 Camera	155.00
4.3 IT Support & Server/Web	724.56
Total 4.0 Equipment Casts	1,049.56
5.0 Evaluation	
5.1 Evaluation	1,100.00
5.2 Auditing	1,500.00
Total 5.0 Evaluation	2,600.00
6.1 Strategic planning retreat	486.34
6.2 Purchase of two laptops	856.20
Total -KCSF	20,500.05
RRPP	
3.Miscellaneous	
3.1 Publication of Policy Brief	300.00
3.5 Banking costs and taxes	11.00
Total 3.Miscellaneous	311.00
Total .RRPP	311.00
Total Expense	180,768.50