

## Democracy for Development – D4D

Independent Auditor's Report and financial individual statements  
for the year ended December 31, 2019

# Democracy for Development – D4D

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## INDEPENDENT AUDITORS' REPORT

To the Management of Democracy for Development – D4D

### *Opinion*

We have audited the accompanying financial statements of Democracy for Development – D4D, which comprise the statement of financial position as at December 31, 2019, 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 Democracy for Development – D4D as of December 31, 2019, 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.

  
Astrit Musa – Statutory Auditor  
ACA – Audit & Consulting Associates  
Prishtine, Kosovo  
July, 2020



**Democracy for Development**  
**Statement of Financial Position**  
For the year ended December 31, 2019

		As of December 31, 2019 (in EUR)	As of December 31, 2018 (in EUR)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	4	174,736	155,527
Accounts Receivable	5	<u>36,617</u>	<u>21,870</u>
Total current assets		<u>211,353</u>	<u>177,397</u>
<b>TOTAL ASSETS</b>		<u><b>211,353</b></u>	<u><b>177,397</b></u>
<b>LIABILITIES AND RESERVES</b>			
<b>Current liabilities</b>			
Tax liabilities	6	2,435	-
Deferred Revenues and Other Liabilities	7	<u>208,919</u>	<u>177,397</u>
Total current liabilities		<u>211,353</u>	<u>177,397</u>
<b>TOTAL LIABILITIES AND RESERVES</b>		<u><b>211,353</b></u>	<u><b>177,397</b></u>

The financial statements have been signed on July, 2020 by:

  
\_\_\_\_\_  
Rezarta Krashiqi  
Executive Director

  
\_\_\_\_\_  
Fjolla Veseli Zeka  
Finance Manager

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

**Democracy for Development**  
**Statement of Revenue and Expenditures**  
For the year ended December 31, 2019

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	Notes	Year ended December 31, 2019 (in EUR)	Year ended December 31, 2018 (in EUR)
<b>Income</b>			
Contribution and grants	8	431,823	516,583
<b>Total income</b>		<u>431,823</u>	<u>516,583</u>
<b>Expenditure</b>			
Project and administrative expenses	9	<u>431,823</u>	<u>516,583</u>
<b>Total expenditure</b>		<u>431,823</u>	<u>516,583</u>
<b>Net (Deficit)/surplus for the year</b>		<u>-</u>	<u>-</u>

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

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**Democracy for Development**  
**Statement of Changes in Net Assets**  
**For the year ended December 31, 2019**

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	<b>As of 31 December, 2019 (in EUR)</b>
Opening balance as at January 1st, 2018	-
Net deficit/surplus for the year ended December 31, 2018	<u>-</u>
<b>Balance as at December 31, 2018</b>	-
Net deficit/surplus for the year ended December 31, 2019	-
<b>Balance as at December 31, 2019</b>	<u><u>-</u></u>

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

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**Democracy for Development**  
**Statement of Cash Flows**  
For the year ended December 31, 2019

	Year ended December 31, 2019 (in EUR)	Year ended December 31, 2018 (in EUR)
<b>Cash flows from operating activities</b>		
(Deficit)/surplus for the period	-	-
Adjustment for:	-	-
Depreciation	-	-
Other Adjustments (last years profit)	-	-
Change in deferred revenues	31,522	(76,961)
Change in receivables	(14,747)	-
Change in prepayments	-	(21,870)
Change in payables	2,435	(1,493)
Change in other current liabilities	-	-
<b>Net cash from operating activities</b>	<u>19,209</u>	<u>(100,324)</u>
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment	-	-
<b>Net cash used in investing activities</b>	<u>-</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	<b>19,209</b>	<b>(100,324)</b>
Cash and cash equivalents at 1 January	155,527	255,851
<b>Cash and cash equivalents at 31 December</b>	<u>174,736</u>	<u>155,527</u>

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



**Democracy for Development**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

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**1. INTRODUCTION**

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 utilises 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.

The responsibility for the overall management of the organization falls on the Board of Directors composed of five unpaid members and the executive director. The Board is responsible for the overall direction, financial affairs of the organization and approves the annual report of the organization. D4D is managed by the Executive Director who is responsible to (a) formulate development and resource mobilization strategies, (b) oversee the quality of programs, products and services, (c) oversee the organization's operations, and (d) implement strategic decisions decided by the Board of Directors.

To make its vision a reality, D4D produces research in various formats, trains and educates the public, gives on-the-spot assistance, and advocates with a wide network of partners. All output takes place as one of our main four pillars: (a) Policy Analysis & Research, (b) Good governance & Public Interest (c) Elections & Political Parties, and (d) Dialogue & Regional Cooperation.

One of D4D's strongest expertise is gender equality with a focus on increasing women participation in the labour market and working toward shared parental leave in Kosovo. While rooted in tackling national and local challenges to democratization and development, D4D is also strategically oriented towards regional cooperation. This has proven to be crucial for our ability to pool the regional (and beyond) best practices for devising viable solutions for Kosovo, i.e. 'thinking globally, acting locally. D4D has good cooperation with a number of NGOs in Kosovo, and our partnerships with organizations located outside Kosovo focuses on joint research activities and organization of joint events when relevant.

**Democracy for Development**  
**Notes to the Financial Statements (Continued)**  
For the year ended December 31, 2019

**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
IFRS 1	Annual Improvements to IFRS 2014–2016 Cycle	Beginning on or after January 2018
IAS 28	Annual Improvements to IFRS 2014–2016 Cycle	Beginning on or after January 2018
IFRS 15	Revenue from Contracts with Customers	Beginning on or after January 2018
IFRS 9	Financial Instruments	Beginning on or after January 2018
IAS 40	Transfers of Investment Property (Amendments to IAS 40)	Beginning on or after January 2018
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)	Beginning on or after January 2018
IFRS 2	Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	Beginning on or after January 2018
IFRS 16	Leases	Beginning on or after January 2019
IFRS 9	Prepayment Features with Negative Compensation (Amendments to IFRS 9)	Beginning on or after January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	Beginning on or after January 2019
IAS 12, IAS 23, IFRS 3 and IFRS 11	Annual Improvements to IFRS 2015-2017 Cycle	Beginning on or after January 2019
IAS 19	Plan Amendment, Curtailment or	Beginning on or after

**Democracy for Development**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

	Settlement (Amendments to IAS 19)	January 2019
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**2.2 Standards and interpretations in issue not yet effective**

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

Standard	Description	Effective date
CF	Conceptual Framework for Financial Reporting	Beginning on or after January 2020
IFRS 3	Definition of a Business (Amendments to IFRS 3)	Beginning on or after January 2020
IAS 1 and IAS 8	Definition of Material (Amendments to IAS 1 and IAS 8)	Beginning on or after January 2020
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform	Beginning on or after January 2020
IFRS 17	Insurance Contracts	Beginning on or after January 2021
Practice Statement 2	Making Materiality Judgements	No effective date as non-mandatory guidance

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.

**Democracy for Development**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

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**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 “Democracy for Development” during 2019.

**3.2 Currency of presentation**

The reporting currency of D4D 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**

D4D was established as a non-governmental organization, therefore it has responsibility and acts as an NGO according to the laws in force in Kosovo.

**Democracy for Development**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

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**4. CASH AND BANK BALANCES**

Cash and cash equivalents as of December 31, 2019 are composed as follows:

	December 31, 2019 (in EUR)	December 31, 2018 (in EUR)
Cash in bank	174,613	155,198
Cash in hand	123	329
<b>Total Cash and Bank Balances</b>	<b>174,736</b>	<b>155,527</b>

**5. ACCOUNTS RECEIVABLE**

	December 31, 2019 (in EUR)	December 31, 2018 (in EUR)
Prepayment to Gender Alliance for development Centre (GADC)	36,617	21,870
<b>Total Accounts Receivable</b>	<b>36,617</b>	<b>21,870</b>

**6. ACCOUNTS PAYABLE**

	December 31, 2019 (in EUR)	December 31, 2018 (in EUR)
Income Tax/ Pension contribution	2,435	-
<b>Total tax liabilities</b>	<b>2,435</b>	<b>-</b>

**Democracy for Development**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

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**7. DEFERRED REVENUES**

	<b>December 31, 2019 (in EUR)</b>	<b>December 31, 2018 (in EUR)</b>
Deferred income at the beginning of period	177,397	254,358
Payments received from donors during the reporting period	463,345	439,622
<b>Total income received in the reporting period</b>	<b>640,742</b>	<b>693,980</b>
Income recognized in the reporting period	(431,823)	(516,583)
<b>Total deferred income</b>	<b>208,919</b>	<b>177,397</b>

**Democracy for Development**  
**Notes to the Financial Statements**  
For the year ended December 31, 2019

**8. CONTRIBUTION AND GRANTS**

	December 31, 2019 (in EUR)	December 31, 2018 (in EUR)
Royal Norwegian Embassy in Prishtina	99,656	52,016
Open Society Institute (OSI)	83,654	-
Swiss Federal Department for Foreign Affairs (FDFA)	64,994	89,988
National Endowment for Democracy (NED)	49,789	23,163
Olof Palme International Center (OPIC)	37,398	33,671
The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ - DIMAK)	28,208	54,849
Balkans Policy Research Group (BPRG)	27,200	-
Embassy of the Kingdom of Netherlands (MATRA)	16,390	-
USAID/CEPPS/IFES	13,782	-
Advocacy Training and Resource Center (ATRC)	12,973	-
Henrich Boll Stiftung (HBF)	8,275	14,985
Kosovo Democratic Institute (KDI)	6,470	3,700
New Executive Fund (OSIFE)	4,175	-
Helvetas Swiss Intercooperation Kosovo (EYE)	2,880	-
Ministry of culture, youth and Sport (MKRS)	2,790	3,095
Kosovo Civil Society Foundations (KCSF)	2,420	19,007
German-Kosovar Business Association	1,273	407-
European Fund for the Balkans (Think&Link)	500	19,987
Friedrich Ebert Stiftung (FES)	294	-
Group for Legal and Political Studies (GLPS)	227	-
United Kingdom Embassy (UK)	-	67,600
Helvetas Swiss Intercooperation Kosovo	-	16,000
Kosovo Foundation for Open Society (KFOS)	-	8,760
US Embassy	-	8,731
The Belegrade Fund for Political Excellence (BFBE)	-	8,640
The Federal Republic of Germany (German Embassy Prishtina)	-	8,383
Catalyst Balkans	-	5,375
The Westminster Foundation for Democracy (WFD)	-	1,265
<b>Total Contribution and Grants received</b>	<b>463,345</b>	<b>439,622</b>
Difference of deferred income at the end of the period	<u>(31,522)</u>	<u>76,961</u>
<b>Total Contribution and Grants for the period</b>	<b><u>431,823</u></b>	<b><u>516,583</u></b>

**Democracy for Development**  
**Notes to the Financial Statements**  
For the year ended December 31, 2019

**9. PROJECT AND ADMINISTRATIVE EXPENSES**

	December 31, 2019 (in EUR)	December 31, 2018 (in EUR)
Royal Norwegian Embassy in Prishtina	76,968	4,845
National Endowment for Democracy NED	47,663	23,847
Embassy of the Kingdom of Netherlands - MATRA	43,324	34,505
Salon (GIZ, ZKGJ, UNDP, FES, Helvetas, MKRS)	39,720	4,675
Swiss Federal Department for Foreign Affairs (FDFA)	39,257	-
Olof Palme International Center (OPIC)	37,258	34,196
Open Society Institute (OSI)	29,332	-
Balkans Policy Research Group (BPRG)	23,354	-
USAID/CEPPS/IFES	15,465	-
European Fund for the Balkans (Think&Link)	15,413	19,714
Advocacy Training and Resource Center (ATRC)	12,905	-
Henrich Boll Stiftung (HBF)	8,280	15,007
The Belegrade Fund for Political Excellence BFPE	7,896	2,114
Kosovo Democratic Institute KDI	5,824	600
Helvetas Swiss Intercooperation Kosovo (EYE)	1,750	11,351
German-Kosovar Business Association	974	-
New Executive Fund (OSIFE))	697	12,667
Kosovo Foundation for Open Society (KFOS)	657	6,595
The Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ-DIMAK)	-	134,838
United Kingdom Embassy (UK)	-	85,314
Swiss Federal Department for Foreign Affairs (FDFA)	-	70,416
Kosovo Civil Society Foundations (KCSF)	-	19,390
The Federal Republic of Germany	-	13,116
US Embassy	-	5,001
Catalyst Balkans	-	1,172
The Westminster Foundation for Democracy (WFD)	-	425
Other project costs	25,086	16,795
<b>Total project and administrative expenses</b>	<b>431,823</b>	<b>516,583</b>



**Democracy for Development**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

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**10. 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.

**11. 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. D4D is not exposed to credit risk in respect of Grant receivable from its Donors.

***Interest rate risk***

The D4D currently is not exposed to the interest rate risk.

***Foreign exchange risk***

D4D 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 D4D 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.