

BALKANS POLICY RESEARCH GROUP-BPRG

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

INDEPENDENT AUDITORS REPORT

To: The management of Balkans Policy Research Group – BPRG

Opinion

We have audited financial statements of Balkans Policy Research Group – BPRG (the Organization), which comprises the statement of financial position as at 31 December 2020, and the income statement, cash flows statement and a summary of significant accounting policies.

In our opinion, the financial statements of Balkans Policy Research Group – BPRG, for the year ended 31 December 2020 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

25 February 2021



BALKANS POLICY RESEARCH GROUP-BPRG
Statement of Financial Position
As of 31 December 2020
(all amounts are in Euro)

As at 31 December	Notes	2020	2019
Assets			
Non-current assets			
Property, plant and equipment		-	-
Total non-current assets		-	-
Current assets			
Advances to grantees	3	-	31,887
Cash and cash equivalents	4	524,550	184,759
Total current assets		524,550	216,646
TOTAL ASSETS		524,550	216,646
Liabilities and fund balance			
Accounts payable	5	19,726	29,820
Deffered Revenues	6	504,824	186,825
Total current liabilities		524,550	216,646
Fund Balance			
Balance as at 01 January		-	-
Sufficit (deficit) of the year		-	-
Total fund balance		-	-
TOTAL LIABILITIES AND FUND BALANCE		524,550	216,646

These financial statements are approved and signed on 15 February 2021 on behalf of the management by:


Naim Rashiti
Executive Director


Marigona Rafuna
Finance Manager

The accompanying notes 1 to 10 of the financial statements are an integral part of them.

BALKANS POLICY RESEARCH GROUP-BPRG
Statement of Profit / Loss and other comprehensive Income
For the year ended 31 December 2020
(all amounts are in Euro)

For the year ended 31 December		2020	2019
Income	Notes		
Donor funding	6	567,775	551,083
Total income		567,775	551,083
Expenditure			
Human resources	7	(218,490)	(167,065)
Program expenses	8	(262,872)	(293,364)
Administrative expenses	9	(86,413)	(90,654)
Total expenditure		(567,775)	(551,083)
Surplus/(deficit) of funds received over expenditure		-	-

The accompanying notes 1 to 10 of the financial statements are an integral part of them.

BALKANS POLICY RESEARCH GROUP-BPRG
Statement of cash flows
For the year ended 31 December 2020
(all amounts are in Euro)

For the year ended 31 December		2020	2019
Net profit for the year	Notes	-	-
(Increase) / decrease of advances to grantees	3	31,887	(31,887)
Increase / (decrease) of accounts payable	5	(10,095)	29,113
Net cash flow from operating activities		21,792	(2,773)
Increase / (decrease) of deferred revenues	6	317,998	(144,442)
Net cash flow from financing activities		317,998	(144,442)
Increase / (decrease) of net cash flow from activities		339,790	(147,215)
Cash and cash equivalents as at 1 January	4	184,759	331,974
Cash and cash equivalents at 31 December		524,550	184,759

The accompanying notes 1 to 10 of the financial statements are an integral part of them.

BALKANS POLICY RESEARCH GROUP-BPRG

Notes to Financial Statements

For the year ended 31 December 2020

(all amounts are in Euro)

1. Introduction and background

Balkans Policy Research Group-BPRG is a non-governmental organization registered on 17 July 2013 with registration number 5114502-5 and fiscal number 601033707. The address of the Organization is in Prishtina, Str Qamil Hoxha road ob.29 apartment no. 7.

Balkans Policy Research Group-BPRG is an independent, nonpartisan think tank dedicated to contributing to state-building and societal harmony in Kosovo, and to facilitating state reconciliation in Kosovo and peace in the Western Balkans. Through evidence-based research, analysis, advocacy, policy dialogue and expertise, its ultimate aim is to bring the region closer to the EU. Balkans Group was established in Kosovo in 2013, as a successor of the work established by the International Crisis Group (ICG). The strategic orientations address key challenges of Kosovo's state-building process, which proves to be a monumental task for the Kosovo society. They are committed to supporting the goals of better functioning of institutions, democratic consolidation, integration of minorities, resolution of neighborly disputes, and advancing the EU agenda. All of the work is based on extensive, on the ground field research carried out by the BPRG staff, coupled with interviews with national and international leaders, which has enabled THE staff to develop an extensive network of contacts in Western Balkans.

Mission

BPRG is an independent non-partisan think tank dedicated to contribute to state consolidation and societal harmony in Kosovo and help state reconciliation in Kosovo and peace in the Western Balkans through field evidence-based research, analysis, advocacy, policy dialogue and expertise, with the ultimate aim of bringing the region closer to the EU.

Vision

The vision is to facilitate and promote development of sound policy reforms that lead to real societal changes.

Strategic Orientation

- Institution Building and Democratic Consolidation
- Regional Cooperation & Good Neighborly Relations
- EU Integration and Policy Change

Balkans Policy Research Group main donors for the year 2020 were:

- European Commission
- The Swiss Confederation
- Royal Norwegian Embassy
- CFLI

BALKANS POLICY RESEARCH GROUP-BPRG

Notes to Financial Statements

For the year ended 31 December 2020

(all amounts are in Euro)

(continued)

2. Statement of Significant Accounting Policies

a) General Accounting Principle

The accompanying financial statements have been prepared on the accrual basis of accounting.

b) Functional and presentation currency

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

c) Income tax

The organization is a Non-Governmental organization (NGO) whose received donations in the reporting year have been implemented for the humanitarian purposes. According to law no 06/L-105 on Corporate Income Tax, NGO's whose total income was used for their public benefit purposes are tax exempted.

d) Property, plant and equipment

It is organization policy to expenses property, plant and equipment acquired for the purpose of the project in accordance with donor requirements.

e) Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash deposited in bank.

f) Foreign currency transactions

Foreign currency transactions are recorded 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

g) Revenue

Revenues of the organization consist of revenues received from donors. Revenues are recognized when funds are received

h) Expenses

Expenses consist of program, administration and management expenses. Expenses are recognized when incurred.

i) Account Payables

Vendor payables, have been disposed on the financial statements as accounts payable.

j) 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 BPRG receives payment in advance for a project to be implemented in future.

k) Deficit of revenues over expenses

The negative balance (deficit) is a result of donations and implemented project costs until end of the year.

l) Employee benefits

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

BALKANS POLICY RESEARCH GROUP-BPRG**Notes to Financial Statements**

For the year ended 31 December 2020

(all amounts are in Euro)

(continued)

3. Advance to grantees

At 31 December	2020	2019
Advance payments to grantee	-	31,887
Total grant prepayments	-	31,887

4. Cash and cash equivalents

At 31 December	2020	2019
Cash at bank	523,985	183,830
Petty cash	565	929
Total	524,550	184,759

5. Accounts Payables

At 31 December	2020	2019
Overhead accumulated	19,726	28,814
Accounts payables	-	1,007
Total	19,726	29,820

6. Deferred Income

At 31 December	2020	2019
Opening balance as at 1 January	186,825	331,267
Funds received for the year		
Royal Norwegian Embassy 4	498,238	354,398
Royal Norwegian Embassy 5	319,330	
SDC	6,131	29,924
European Commission	44,799	-
CEPS	794	8,851
CFLI	14,317	9,589
Other	2,165	3,880
Total	1,072,599	737,909
Total expenses incurred	(567,775)	(551,083)
Closing balance	504,824	186,825

BALKANS POLICY RESEARCH GROUP-BPRG**Notes to Financial Statements**

For the year ended 31 December 2020

(all amounts are in Euro)

(continued)

7. Human resources – project based

For the year ended 31 December	2020	2019
Royal Norwegian Embassy	208,690	127,092
European Commission	5,550	33,200
OSI TTF	-	4,822
CFLI	4,250	1,950
Total	218,490	167,065

8. Program expenses-project based

For the year ended 31 December	2020	2019
Royal Norwegian Embassy	191,870	96,398
European Commission	60,832	174,148
OSI TTF	-	12,100
CFLI	10,170	10,718
Total	262,872	293,364

9. Administrative expenses - project based

For the year ended 31 December	2020	2019
Royal Norwegian Embassy	76,162	63,404
European Commission	5,712	23,063
OSI TTF	-	1,292
CFLI	939	-
BPRG	3,600	2,896
Total	86,413	90,654

10. Subsequent events

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