



Sherbime kontabiliteti dhe auditimi
Accounting and Auditing Services

NRF: 600006961
NRB: 70028374

Zyra: Rr: "M. Pasha" Nr. 9. 20000 Prizren
Tel& fax: 029/ 244 023; Mob: 044/ 187 305; 049/ 187 305
e-mail: kmsherbimekontabiliteti@hotmail.com; -@yahoo.com

KOSOVA DEMOKRATIC INSTITUTE - Prishtina

**Independent Auditor's Report
and
Financial statements, December 31, 2010**

June 30, 2011

Contents

| | Page |
|--|------|
| Independent Auditor's Report | 2 |
| Financial Statement's | 4 |
| 1. Balance sheet | 4 |
| 2. Income Statement | 5 |
| 3. Statement of cash flow | 5 |
| Notes to the Financial Statement | 6 |
| 1. General | 6 |
| 2. Basis for preparation of the financial statements | 6 |
| 3. Cash | 6 |
| 4. Income | 7 |
| 5. Expenditures | 8 |
| 6. Transferred funds from 2010 to 2011 | 9 |

Independent Auditor's Report

To the Management of Kosova Democratic Institute

We have audited the accompanying Balance sheet of the KDI - Kosova Democratic Institute Prishtina as of December 31, 2010 and related statements of Income and cash flow for the year then ended.

Management's responsibility for financial statements

The management of the KDI is responsible for the preparation and fair presentation of the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management of the KDI, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the KDI (Kosova Democratic Institute) as of December 31, 2010 and the results of its operations and its cash flow for the year then ended in accordance with International Accounting Standards and Kosovo Accounting Standards.

June 30, 2011

Kadrush Çollaku,
Licensed Auditor




Kosova Democratic Institute
Financial Statements, December 31, 2010

Balance sheet 31.12.2010

| ASSETS | Eur | LIABILITIES | Eur |
|----------------------------------|------------------|---|------------------|
| Cash | 86 530,12 | Accounts Payable | - |
| Accounts Receivable | - | Grants Payable | - |
| Notes Receivable | - | Deferred Revenue | - |
| Inventory | - | Mortgages and other Notes payable | - |
| Prepaid expenses | - | Other Liabilities | - |
| Investments: | | Total Liabilities | - |
| Securities | - | Fund Balance | |
| Land, Buildings and equipment | - | Fund balance as of January 1, 2010 | 88 618,09 |
| Other (Loans to costumer) | - | Excess (from income statement) | (2 087,97) |
| Other assets | - | Total Balance: | 86 530,12 |
| Total assets | 86 530,12 | Total Liabilities and Fund Balance | 86 530,12 |


Ismet Kryeziu
Executive director

Vjollca Vogel,
Finance manager

4

Income Statement 01.01.-31.12.2010

| Revenue | Eur | Expenses | Eur |
|--|-------------------|------------------------------------|-------------------|
| Contributions, gifts or grants | 629 432,06 | Program services | 440 812,23 |
| Fees and revenues from economic activities | | Management and Administration | 104 651,59 |
| Dues | | Other Expenses | 86 056,21 |
| Dividends and interest | | Total Expenses: | 631 520,03 |
| Rents | | Net Income from Operations: | (2 087,97) |
| Other investment income | | | |
| Sale of assets | | | |
| (less cost of sales) | | Tax expenses | 0,00 |
| Special event revenue | | | |
| Gross sales of inventory | | | |
| (less cost of goods sold) | | | |
| Other revenue | | | |
| Total Revenue: | 629 432,06 | Net Income: | (2 087,97) |

Statement of cash flows for the year 2010

| CASH FLOW | EUR |
|---|------------------|
| Balance in the beginning of period | 88 618,09 |
| Received funds from donators during period 2010 | 645 645,96 |
| Outcomes of funds during 2010 | (631 520,03) |
| Funds returned to donors during 2010 | (16 213,90) |
| Annual balance for period 2010 | 86 530,12 |

Notes to the Financial Project Statement

1. General

NGO "Kosova Democratic Institute" is a non-profit organization, financed by government and non government agencies. KDI was established on April 14, 2005, under UNMIK Regulation No.1999/22 and the registration number 5110225-8 as a non-profit, non-governmental organization (NGO).

KDI's mission is to support democratic development in Kosovo by empowering nongovernmental organizations and citizens to enhance the transparency, accountability and responsiveness of governing institutions and improve the efficiency of these institutions through citizen participation in decision-making.

KDI aims to be a regional organization with an impact in political processes by offering assistance in the process of democratization. KDI has five programs: Advocacy and Citizen Participation, Democratic Governance, Transparency and Anti-corruption, Monitoring of Political Processes, Training and Publishing Academy.

2. Basis for preparation of the financial statements

The Financial Statements are prepared in accordance with the basis of accounting as set out in the agreements with donors. Accordingly, revenue is recognized on a cash basis when received and expenses are recognized on accrual basis when incurred. The amount of revenue received represents the contribution approved by Donors to cover expenses of the projects in accordance with agreements.

The surplus amount, representing the excess of revenue received over expenses incurred, is due to the Donors at the end of the period.

The Financial Statements are expressed in European Currency Unit (EUR). Revenue is received in Euro and for some funds in USD. For funds received in USD, exchange rate is calculated in the moment of the funds installment. Expenses are incurred in Euro.

3. Cash

Eur

| | |
|------------------------|------------------|
| Raiffeisen bank | 86 530,12 |
| Total | 86 530,12 |

4. Income

The incomes for the year 2010 are recognized in accordance with the cash basis of accounting and are composed as below:

| Donors Name | Transferred funds from 2009 | Incomes during 2010 | Total funds during 2010 |
|---|------------------------------------|----------------------------|--------------------------------|
| NED | 3 313,44 | 35 112,59 | 38 426,03 |
| BTD | 6 490,04 | 18 511,95 | 25 001,99 |
| OLOF PALME | 1 669,92 | 36 861,78 | 38 531,70 |
| UNDEF | 4 517,10 | 11 967,27 | 16 484,37 |
| UNDP | 23 248,50 | 25 241,79 | 48 490,29 |
| KFOS | 4 006,71 | 5 000,00 | 9 006,71 |
| Norwegian Embassy | 355,52 | 11 766,00 | 12 121,52 |
| ISC | 17 974,50 | 36 878,63 | 54 853,13 |
| NDI | (843,82) | 14 329,36 | 13 485,54 |
| German Embassy | 0,00 | 158 240,00 | 158 240,00 |
| Swiss Embassy | (2 867,18) | 100 855,91 | 97 988,73 |
| Rockfeller Brother Fund | 4 363,00 | 0,00 | 4 363,00 |
| Dawn Brancati | 251,46 | 0,00 | 251,46 |
| KCSF | 9 925,00 | 5 000,00 | 14 925,00 |
| CIMAP | 0,00 | 12 223,68 | 12 223,68 |
| CRINIS | 0,00 | 38 817,00 | 38 817,00 |
| British Embassy | 0,00 | 4 088,00 | 4 088,00 |
| Ministry of Culture, Youth and Sport | 0,00 | 1 898,00 | 1 898,00 |
| DFID | 0,00 | 116 592,00 | 116 592,00 |
| Finland | 0,00 | 10 000,00 | 10 000,00 |
| US Embassy | 0,00 | 2 262,00 | 2 262,00 |
| Totali | 72 404,19 | 645 645,96 | 718 050,15 |

5. Expenditures

The expenses for the year 2010 are composed as below:

| Budget Line - all projects | Actual Expenditures in Eur |
|------------------------------------|-----------------------------------|
| Salaries | 104 651,59 |
| Space, Utilities and Supplies | 41 752,94 |
| Communications and Travel | 7 257,56 |
| Project Activities | 46 290,28 |
| Contractual Services | 81 358,69 |
| Other direct costs & Publication | 47 518,74 |
| Monitoring of the Election Process | 270 181,86 |
| Civic Education/GOTV | 32 508,37 |
| Total Expenses | 631 520,03 |

6. Transferred funds from 2010 to 2011

| Donors Name | Total funds during 2010 | Total outcome | Transferred funds from 2010 to 2011 |
|---|--------------------------------|----------------------|--|
| NED | 38 426,03 | 30 919,11 | 7 506,92 |
| BTD | 25 001,99 | 16 792,35 | 8 209,64 |
| OLOF PALME | 38 531,70 | 38 228,30 | 303,40 |
| UNDEF | 16 484,37 | 16 245,55 | 238,82 |
| UNDP | 48 490,29 | 31 017,27 | 17 473,02 |
| KFOS | 9 006,71 | 8 985,55 | 21,16 |
| Norwegian Embassy | 12 121,52 | 7 562,08 | 4 559,44 |
| ISC | 54 853,13 | 53 987,32 | 865,81 |
| NDI | 13 485,54 | 17 286,21 | (3 800,67) |
| German Embassy | 158 240,00 | 152 910,75 | 5 329,25 |
| Swiss Embassy | 97 988,73 | 77 077,33 | 20 911,40 |
| Rockefeller Brother Fund | 4 363,00 | 3 604,10 | 758,90 |
| Dawn Brancati | 251,46 | 0,00 | 251,46 |
| KCSF | 14 925,00 | 14 925,33 | (0,33) |
| CIMAP | 12 223,68 | 16 272,21 | (4 048,53) |
| CRINIS | 38 817,00 | 26 960,06 | 11 856,94 |
| British Embassy | 4 088,00 | 2 469,95 | 1 618,05 |
| Ministry of Culture, Youth and Sport | 1 898,00 | 1 888,73 | 9,27 |
| DFID | 116 592,00 | 99 757,12 | 16 834,88 |
| Finland | 10 000,00 | 12 541,71 | (2 541,71) |
| US Embassy | 2 262,00 | 2 089,00 | 173,00 |
| Totali | 718 050,15 | 631 520,03 | 86 530,12 |