



Democracy Plus

Independent Auditor's Report and financial statements
for the year ended December 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Democracy plus

Opinion

We have audited the accompanying financial statements of the Democracy Plus, which comprise the statement of financial position as at December 31, 2022, and the statement of profit or loss, 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 Democracy Plus as of December 31, 2022, results of its operation and the cash flow for the year 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 statement's preparation, management is responsible for assessing the organization'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 Organization 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, Kosove
 06 March, 2023



DEMOCRACY PLUS
Statement of Financial Position
For the year ended December 31, 2022

		December 31, 2022	December 31, 2021
	Notes	(in EUR)	(in EUR)
ASSETS			
Non-current assets			
Property and equipment	4	28,554	14,790
Total non-current assets		28,554	14,790
Current assets			
Cash and bank equivalents	5	180,260	142,183
Accounts receivable	6	26,885	23,586
Program advance		-	-
Total current assets		207,145	165,769
TOTAL ASSETS		235,699	180,559
LIABILITIES AND RESERVES			
Non-current liabilities			
Deferred Revenue: Donated Assets	4	28,554	14,790
Total non-current liabilities		28,554	14,790
Current liabilities			
Accounts payable	7	2,191	8,919
Deferred Revenue	8	204,954	156,849
Total current liabilities		207,145	165,769
Reserves			
Retained surplus		-	-
Total reserves		-	-
TOTAL LIABILITIES AND RESERVES		235,699	180,559

The financial statements have been signed in March, 2023 by:

Valmir Ismaili

Executive Director

Gani Asllani

Director of Finance and Administration

The accompanying notes from 1 to 16 form an integral part of these financial statements

DEMOCRACY PLUS
Statement of Comprehensive Income
For the year ended December 31, 2022

	Notes	December 31, 2022	December 31, 2021
		(in EUR)	(in EUR)
Income			
Grant income	9	571,398	537,010
Income from donated assets	4	9,627	5,764
Total income		581,025	542,774
Operating Expense			
Staff salaries and benefits	10	390,343	287,155
Project activities	11	120,295	216,828
Administrative expenses	12	60,760	33,027
Depreciation expenses	4	9,627	5,764
Total Operating Expense		581,025	542,774
Net (deficit)/surplus for the year		-	-

The accompanying notes from 1 to 16 form an integral part of these financial statements

DEMOCRACY PLUS
Statement of Changes in Equity
For the year ended December 31, 2022

	Retained surplus	Total
	(in EUR)	(in EUR)
As at December 31, 2020	-	-
Profit for the year	-	-
As at December 31, 2021	-	-
Profit for the year	-	-
As at December 31, 2022	-	-

The accompanying notes from 1 to 16 form an integral part of these financial statements

DEMOCRACY PLUS
Statement of Cash Flows
For the year ended December 31, 2022

	Year ended December 31, 2022 (in EUR)	Year ended December 31, 2021 (in EUR)
Cash flows from operating activities		
Net (deficit)/surplus for the year	-	-
Adjustments for:		
Depreciation of property and equipment	9,627	5,764
Income from donated assets	-	-
Operating surplus before changes in operating assets and liabilities	9,627	5,764
Changes in operating assets and liabilities		
Change in accounts receivable	(3,299)	(6,233)
Change in donated assets	13,764	(1,123)
Change in deferred revenues	48,104	61,627
Change in accounts payable and accrued expenses	(6,728)	(8,638)
Change in advance	-	-
Net cash used in operating activities	61,468	51,398
Cash flows from investing activities		
Purchase of property and equipment	(23,391)	(4,641)
Net cash used in investing activities	(23,391)	(4,641)
Net decrease in cash and cash equivalents	38,077	46,757
Cash and cash equivalents at the beginning of the year	142,183	95,426
Cash and cash equivalents at the end of the year	180,260	142,183

The accompanying notes from 1 to 16 form an integral part of these financial statements

DEMOCRACY PLUS
Notes to the Financial Statements
For the year ended December 31, 2022

1. INTRODUCTION

Democracy Plus (hereafter called the "Organization" or "D+", a non-for-profit organization is established as a foundation, founded in accordance with the Law no. 04/L-057 on freedom of Association in Non-Governmental Organizations, approved from the Kosovo Assembly on 2011, under the registered number 5200344-0 and Fiscal number 601602643. The organization was registered on 11.03.2016.

The main objective of D+ is to foster democratic values and practices that will further strengthen the voice of the Kosovar society. D+ aims at contributing in establishing good governance practices, strengthening the rule of law, assisting political parties and the process of free and fair elections, and fostering respect for human rights and social issues. In its short time of existence, D+ has implemented different projects that aim to bring decision-makers closer to citizens through policy research, facilitation of dialogue and interaction as well as public education.

DEMOCRACY PLUS
Notes to the Financial Statements (continued)
For the year ended December 31, 2022

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards.

2.2 Basis of preparation

The financial statements have been prepared on the historical cost basis.

2.3 Currency of presentation

The reporting currency of Democracy Plus is the European Union currency unit Euro ("EUR"). The organization has ten bank accounts in Pro Credit Bank.

2.4 Significant accounting policies

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

2.4.1 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 bank and in operating accounts at bank with an original maturity of three months or less.

2.4.2 Foreign currencies

Transactions in foreign currencies are converted to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary items that are measures in terms of historical cost in a foreign currency are not retranslated.

2.4.3 Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Democracy Plus.

Depreciation is calculated to write off the cost of items of IT equipment and Furniture and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. The estimated useful lives of property and equipment for current and comparative periods are as follows:

IT equipment	5 years
Furniture, fixture and equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and

DEMOCRACY PLUS
Notes to the Financial Statements (continued)
For the year ended December 31, 2022

adjusted if appropriate.

2.4.4 Revenue recognition

Revenues from grants are recognized as income on the period when received. At the end of the year the excess amount of revenues over expenses is treated as balance carried forward to the next period.

2.4.5 Expenses recognition

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

2.4.6 Taxation

Democracy Plus is established as a nongovernmental organization, therefore has responsibility and operates as an NGO under applicable Kosovo Laws.

2.4.7 Employee benefits

The organization makes no provision for and has no obligation for employee pensions over and above the contributions paid into the Kosovo Pension Savings Trust.

2.4.8 Critical judgments in applying the organization's accounting policies

In the process of applying the Organization's accounting policies, which are described in note 3 above, management has made no judgments that have significant effect on the amounts recognized in the financial statements.

2.4.9 Critical judgments in applying the accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

DEMOCRACY PLUS
Notes to the Financial Statements (continued)
For the year ended December 31, 2022

3. PROPERTY AND EQUIPMENT

	<u>Computer equipment</u>	<u>Furniture</u>	<u>Equipment</u>	<u>Total</u>
Cost				
As at January 01, 2021	19,200	7,766	2,251	29,217
Additions	4,362	279	-	4,641
Write offs and disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at December 31, 2021	<u>23,562</u>	<u>8,045</u>	<u>2,251</u>	<u>33,858</u>
As at January 01, 2022	23,562	8,045	2,251	33,858
Additions	12,937	7,684	2,771	23,391
Write offs and disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at December 31, 2022	<u>36,499</u>	<u>15,729</u>	<u>5,022</u>	<u>57,249</u>
Accumulated depreciation				
As at January 01, 2021	7,363	4,851	1,090	13,304
Depreciation charge for the year	4,161	1,162	440	5,764
Write offs and disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at December 31, 2021	<u>11,524</u>	<u>6,013</u>	<u>1,530</u>	<u>19,068</u>
As at January 01, 2022	11,524	6,013	1,530	19,068
Depreciation charge for the year	6,205	2,561	862	9,627
Write offs and disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At December 31, 2022	<u>17,729</u>	<u>8,574</u>	<u>2,392</u>	<u>28,695</u>
Net book value				
As at December 31, 2022	<u>18,770</u>	<u>7,155</u>	<u>2,630</u>	<u>28,554</u>
As at December 31, 2021	<u>12,038</u>	<u>2,032</u>	<u>721</u>	<u>14,790</u>

DEMOCRACY PLUS

Notes to the Financial Statements (continued)

For the year ended December 31, 2022

4. DEFERRED INCOME RELATED TO DONATED ASSETS

	December 31, 2022	December 31, 2021
	(in EUR)	(in EUR)
Balance as at 01 January	14,790	15,914
Donation received during the year	23,391	4,641
Release to income during the year	-9,627	-5,765
Balance as at 31 December	28,554	14,790

5. CASH AND BANK BALANCES

	December 31, 2022	December 31, 2021
	(in EUR)	(in EUR)
Cash on hand	40	7
Cash at banks	180,220	142,176
Total Cash and Cash Equivalents	180,260	142,183

During this period "Democracy Plus" had ten bank accounts opened in Pro Credit Bank. The bank accounts are in Euro currency.

6. ACCOUNTS RECEIVABLE

	December 31, 2022	December 31, 2021
	(in EUR)	(in EUR)
Accounts Receivables		
Accounts Receivables	26,885	23,586
Total Accounts Receivables	26,885	23,586

DEMOCRACY PLUS

Notes to the Financial Statements (continued)

For the year ended December 31, 2022

7. PAYABLES

	December 31, 2022	December 31, 2021
	(in EUR)	(in EUR)
Accounts Payable		
Accounts payable	2,191	8,919
Total Accounts Payable	2,191	8,919

8. DEFERRED REVENUE

	December 31, 2022	December 31, 2021
	(in EUR)	(in EUR)
Foundation for Internet and Society METAMORPHOSIS	-	3,646
DAI Global, LLC / USAID's Digital Solution for Integrity in Public Procurement	-	37,307
Democracy Plus	21,367	9,935
Chemonics International Inc./ USAID	6,798	4,015
Konrad-Addenauer-Stiftung. Office Kosovo/ KAS	-	788
The European Union, office in Kosovo	47,994	47,994
The European Union, represented by European Commission	65,328	
CO - Plan	3,744	-
United Nations Development Programme / UNDP	23,386	-
National Democratic Institute - NDI	-	2,851
USAID	-	1,256
The Westminster Foundation for Democracy WFD	-	7,166
Balkan Investigative Report Network (BIRN) / British Embassy in Kosovo	2,290	-
National Endowment for Democracy (NED)	11,058	11,892
Kosovar Civil Society Foundation - KCSF	22,990	30,000
Total Deferred Revenue	204,954	156,849

DEMOCRACY PLUS
Notes to the Financial Statements (continued)
For the year ended December 31, 2022

9. GRANT INCOMES

	December 31, 2022 (in EUR)	December 31, 2021 (in EUR)
Kosovo Foundation for Open Society (KFOS)	-	8,955
Kosovar Civil Society Foundation (KCSF)	24,211	2,588
DAI Global, LLC/ USAID	-	13,811
USAID	11,057	176,976
Democracy Plus	5,452	-
The Olof Palme International Center (OPIC)	31,330	32,959
The Olof Palme International Center (OPIC) II	47,331	48,833
National Endowment for Democracy (NED)	47,475	30,045
International Republican institute - IRI	14,809	30,604
Balkan Investigative Report Network (BIRN) - British Embassy in Kosovo	-	5,489
Balkan Investigative Report Network (BIRN) - NDI	887	-
Community Development Fund (CDF)	-	10,000
Chemonics International Inc/ USAID	40,497	13,985
Foundation for Internet and Society METAMORPHOSIS	8,111	6,570
Westminster Foundation for Democracy (WFD)	3,950	7,522
Konrad-Adenauer-Stiftung, Office Kosovo / KAS	220	15,182
Helvetas Swiss Intercooperation Kosovo - DEMOS	5,347	-
National Democratic Institute (NDI) in Kosovo, Taipei Representative Office in Budapest, Hungary	4,500	-
CO-Plan - Institute for Habitat Development	22,161	-
Crimson	6,519	-
Democracy International and DPL1/SCA	75,776	-
United Nations development Programme - UNDP	14,072	-
Recycling Matters Activity - USAID	46,163	-
The European Union, represented by the European Union office in Kosovo and Other	104,373	58,228
The European Union, represented by the European Commission	98	-
The University of Illinois in Chicago	30,431	34,957
University of Erfurt - Germany	-	9,400
National Democratic Institute - NDI	23,628	2,763
The Regional Cooperation Council Secretariat	3,000	3,638
Other	-	24,504
Total grant incomes	571,398	537,010

DEMOCRACY PLUS

Notes to the Financial Statements (continued)

For the year ended December 31, 2022

10. STAFF SALARIES AND BENEFITS

	December 31, 2022	December 31, 2021
	(in EUR)	(in EUR)
Salary for Administration	92,929	84,186
Salary for Program	195,213	170,741
External Personnel	78,997	18,629
Health Insurance	4,400	-
Pension contribution	18,805	13,600
Total staff salaries and benefits	390,343	287,155

11. PROJECT ACTIVITIES

	December 31, 2022	December 31, 2021
	(in EUR)	(in EUR)
Training expenses	13,805	37,006
Platform lancing	19,791	4,204
Marketing costs	3,743	12,950
Infographics and design	2,560	2,392
Translation	10,783	10,250
Project partners	24,389	136,212
Travel and Meetings	12,299	6,814
Other	6,205	7,000
Research and Analysis	26,719	-
Total Project activities	120,295	216,828

DEMOCRACY PLUS**Notes to the Financial Statements (continued)****For the year ended December 31, 2022**

12. ADMINISTRATIVE EXPENSES

	December 31, 2022	December 31, 2021
	(in EUR)	(in EUR)
Rent	15,340	11,870
Office supplies	3,380	2,496
Travel expenses	4,867	-
Printing and design layout	10,539	-
Telephone and internet	4,207	3,244
Audit expenses	3,000	-
Utilities	987	1,328
Repairs and maintenance	15,676	7,494
Other expenses	2,764	6,595
Total administrative expenses	60,760	33,027

DEMOCRACY PLUS
Notes to the Financial Statements
For the year ended December 31, 2022

13. PROFIT AND LOSS BY PROJECTS

	Notes	Chemonics International (in EUR)	European Union (in EUR)	KCSF - EJA (in EUR)	SCA (in EUR)	NED (in EUR)	USAID / RMG (in EUR)	Other Projects (in EUR)	Total (in EUR)
Income									
Grant income	9	40,497	104,373	24,211	75,776	47,475	46,163	232,903	571,398
Income from donated assets	4	-	3,700	-	-	-	-	5,927	9,627
Total income		40,497	108,073	24,211	75,776	47,475	46,163	238,830	581,025
Operating Expense									
Staff salaries and benefits	10	29,736	80,861	19,886	61,695	39,740	20,371	138,053	390,343
Project activities	11	10,303	14,991	1,117	4,629	4,290	24,525	60,440	120,295
Administrative expenses	12	457	8,521	3,207	9,452	3,445	1,267	34,410	60,760
Depreciation expenses	4	-	3,700	-	-	-	-	5,927	9,627
Total Operating Expense		40,497	108,073	24,211	75,776	47,475	46,163	238,830	581,025
Net (Deficit)/surplus for the year		-	-	-	-	-	-	-	-

14. 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.

15. RISK MANAGEMENT

15.1 Credit risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of trade receivables and holdings of cash at bank. The Organization's credit risk is managed by placing its cash and cash equivalents with high quality financial institutions. The receivables credit risk is controlled through revised credit terms (maximum 15 days as credit limit), credit approvals, credit limits and monitoring procedures.

15.2 Interest rate risk

The organization is not exposed to interest rate risk as they do not have any borrowings or placements.

15.3 Foreign exchange risk

The organization pays liabilities in foreign currency within a short period of time thus reducing the risk that changes in foreign currency would result in significant losses.

15.4 Liquidity risk

Liquidity risk arises in the general funding of the Organization's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturity and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame to meet the liability obligations.

The organization monitors its liquidity on a periodic basis in order to manage its obligations as and when they fall due. As at December 31, 2022, the Organization's financial assets and liabilities have maturity less than 12 months.

16. SUBSEQUENT EVENTS

There are no subsequent events that would require either adjustments or additional disclosures in the financial statements.