



Democracy Plus

Independent Auditor's Report and financial statements
for the year ended December 31, 2025

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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, 2025, 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, 2025, 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.

Armen Daj – Statutory Auditor
ACA – Audit & Consulting Associates
Prishtine, Kosovo
13 February 2026



DEMOCRACY PLUS
Statement of Financial Position
For the year ended December 31, 2025

	Notes	December 31, 2025 (in EUR)	December 31, 2024 (in EUR)
ASSETS			
Non-current assets			
Property and equipment	3	54,701	38,190
Total non-current assets		54,701	38,190
Current assets			
Cash and bank equivalents	5	416,086	245,996
Accounts receivable	6	52,021	41,706
Program advance		-	-
Total current assets		468,107	287,702
TOTAL ASSETS		522,808	325,892
LIABILITIES AND RESERVES			
Non-current liabilities			
Deferred Revenue: Donated Assets	4	54,701	38,190
Total non-current liabilities		54,701	38,190
Current liabilities			
Accounts payable	7	2,651	4,946
Deferred Revenue	8	465,456	282,756
Total current liabilities		468,107	287,702
Reserves			
Retained surplus		-	-
Total reserves		-	-
TOTAL LIABILITIES AND RESERVES		522,808	325,892

The financial statements have been signed on 13 February, 2026 by:

Valmir Ismaili

Executive Director



Gani Asllani

Director of Finance and Administration

The accompanying notes from 1 to 17 form an integral part of these financial statements

DEMOCRACY PLUS
Statement of Comprehensive Income
For the year ended December 31, 2025

	Notes	December 31, 2025	December 31, 2024
		(in EUR)	(in EUR)
Income			
Grant income	9	535,386	1,158,866
Income from donated assets	4	21,928	16,773
Total income		557,314	1,175,638
Operating Expense			
Staff salaries and benefits	10	402,407	610,964
Project activities	11	81,831	471,753
Administrative expenses	12	51,148	76,149
Depreciation expenses	3	21,928	16,773
Total Operating Expense		557,314	1,175,638
Net (deficit)/surplus for the year		-	-

The accompanying notes from 1 to 17 form an integral part of these financial statements

DEMOCRACY PLUS
Statement of Changes in Equity
For the year ended December 31, 2025

	Retained surplus	Total
	(in EUR)	(in EUR)
As at December 31, 2023	- <hr/>	- <hr/>
Profit for the year	-	-
	<hr/>	<hr/>
As at December 31, 2024	- <hr/>	- <hr/>
Profit for the year	-	-
	<hr/>	<hr/>
As at December 31, 2025	- <hr/>	- <hr/>

The accompanying notes from 1 to 17 form an integral part of these financial statements

DEMOCRACY PLUS
Statement of Cash Flows
For the year ended December 31, 2025

	Year ended December 31, 2025 (in EUR)	Year ended December 31, 2024 (in EUR)
Cash flows from operating activities		
Net (deficit)/surplus for the year	-	-
Adjustments for:		
Depreciation of property and equipment	21,928	16,773
Income from donated assets	-	-
Operating surplus before changes in operating assets and liabilities	21,928	16,773
Changes in operating assets and liabilities		
Change in accounts receivable	(10,315)	(17,985)
Change in donated assets	16,510	(4,752)
Change in deferred revenues	182,700	162,073
Change in accounts payable and accrued expenses	(2,295)	(28,425)
Change in advance	-	-
Net cash used in operating activities	208,529	127,683
Cash flows from investing activities		
Purchase of property and equipment	(38,439)	(12,021)
Net cash used in investing activities	(38,439)	(12,021)
Net decrease in cash and cash equivalents	170,090	115,662
Cash and cash equivalents at the beginning of the year	245,996	130,334
Cash and cash equivalents at the end of the year	416,086	245,996

The accompanying notes from 1 to 17 form an integral part of these financial statements

DEMOCRACY PLUS
Notes to the Financial Statements
For the year ended December 31, 2025

1. INTRODUCTION

Democracy Plus (D+) is registered as a non-governmental and non-profit organization with Registration Number 5200344-0 on March 11, 2016, and Fiscal Number 601602643. Its headquarters are located at Str. Bajram Kelmendi, IV floor, No. 92, Pristina, 10000, Kosovo. Committed to fostering a democratic society in Kosovo, our mission is centered on increasing citizen participation in political processes, promoting accountability, and influencing decision-making at all levels of governance.

We leverage the power of information technology to advance these efforts, advocating for the use of digital tools to democratize and modernize society. Our work contributes to the development of good governance practices in public institutions at both central and local levels, strengthening the rule of law, supporting political parties, and promoting free and fair electoral processes. Through policy research, public dialogue, and civic education, our initiatives aim to bridge the gap between decision-makers and citizens. Above all, we champion democratic values and practices, empowering the voices of Kosovo’s citizens and fostering a more inclusive and participatory society. With the support of our donors, Democracy Plus successfully achieved its strategic objectives and implemented key projects in 2025. Their contribution has been instrumental in enabling the execution of the following major projects:

Donor	Project
USAID Kosovo	Recycling Matters Activity – Gracanica
Democracy International/USAID Kosovo	Social Contract Activity in Kosovo
European Union Office in Kosovo	Promoting right and just administrative procedures for citizens and businesses'
European Union Office in Kosovo	Operating grant for year 2025 - Encouraging transparent, accountable and efficient public money spending through public procurement in Kosovo.
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	Better employment conditions for seasonal workers in Kosovo
National Endowment for Democracy (NED)	Promoting Youth Participation in Public Institutions
Institute for Democracy and Intermediation	Operating grant - SMART for the years 2024 and 2025
DAI Global, LLC/USAID Kosovo	Monitoring of Procurement Review Body (as sub of Kosovo Municipal Integrity Activity)
CFLI - DFAD	Kosovo School of Integrity and Anti-corruption
Memorandum of Understanding – BIRN - HELVETAS Swiss Intercooperation-Kosovo/ DEMOS	Social Audit 2025

DEMOCRACY PLUS**Notes to the Financial Statements (continued)**

For the year ended December 31, 2025

The University of Manchester	Gender and Precarity at the Energy Frontier
Kosovo Women's Network (KWN)	Strengthening transparency and accountability for gender equality in Western Balkans and Moldova (Gender Budget Watchdog, Network, Phase II)
Udruzenje gradana i gradanki Zastojne SEE-CHECK	Informing and Navigating Fake News Online
Skat Consulting Ltd. Branch in Kosovo	Building Inclusive Water Governance: Stakeholder Engagement and CSO Grant Facilitation
IOM Headquarters	Provision of Youth Media Partnership Services
OSCE Mission in Kosovo	Enhancing skills, competences, and capacities for inclusive and meaningful public participation – Activity
The Westminster Foundation for Democracy "WFD"	Contract for Services
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	Monitoring Kosovo's Procurement Review Body (PRB)
Embassy of the Kingdom of the Netherlands in Pristina - MATRA	Strengthening Transparency and Accountability through Integrity Plan Monitoring
European Association for Local Democracy (ALDA)	BOOST - Balkans for Optimizing Opportunities, Sustainability and Transformation of Civil Society

DEMOCRACY PLUS
Notes to the Financial Statements (continued)
For the year ended December 31, 2025

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

DEMOCRACY PLUS
Notes to the Financial Statements (continued)
For the year ended December 31, 2025

Depreciation methods, useful lives and residual values are reviewed at each reporting date and 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, 2025

3. PROPERTY AND EQUIPMENT

	Vehicle	Computer equipment	Furniture	Equipment	Total
Cost					
As at January 01, 2024	-	54,343	22,298	9,395	86,036
Additions	-	8,706	-	3,315	12,021
Write offs and disposals	-	-	-	-	-
As at December 31, 2024	-	63,049	22,298	12,710	98,057
As at January 01, 2025	-	63,049	22,298	12,710	98,057
Additions	36,381	2,057	-	-	38,439
Write offs and disposals	-	-	-	-	-
As at December 31, 2025	36,381	65,106	22,298	12,710	136,495
Accumulated depreciation					
As at January 01, 2024	-	27,137	11,846	4,111	43,094
Depreciation charge for the year	-	11,326	3,272	2,175	16,773
Write offs and disposals	-	-	-	-	-
As at December 31, 2024	-	38,463	15,118	6,286	59,867
As at January 01, 2025	-	38,463	15,118	6,286	59,867
Depreciation charge for the year	7,276	9,599	2,850	2,203	21,928
Write offs and disposals	-	-	-	-	-
At December 31, 2025	7,276	48,062	17,968	8,489	81,795
Net book value					
As at December 31, 2025	29,105	17,045	4,330	4,221	54,701
As at December 31, 2024	-	24,586	7,180	6,424	38,190

4. DEFERRED INCOME RELATED TO DONATED ASSETS

	December 31, 2025	December 31, 2024
	(in EUR)	(in EUR)
Balance as at 01 January	38,190	42,942
Donation received during the year	38,439	12,021
Release to income during the year	(21,928)	(16,773)
Balance as at 31 December	54,701	38,190

DEMOCRACY PLUS
Notes to the Financial Statements (continued)
For the year ended December 31, 2025

5. CASH AND BANK BALANCES

	December 31, 2025	December 31, 2024
	(in EUR)	(in EUR)
Cash on hand	69	12
Cash at banks	416,017	245,984
Total Cash and Cash Equivalents	416,086	245,996

During this period "Democracy Plus" had nine bank accounts opened in Pro Credit Bank. Eight bank accounts are in Euro currency; one bank account is in USD currency.

6. ACCOUNTS RECEIVABLE

	December 31, 2025	December 31, 2024
	(in EUR)	(in EUR)
Accounts Receivables		
Accounts Receivables	52,021	41,706
Total Accounts Receivables	52,021	41,706

7. PAYABLES

	December 31, 2025	December 31, 2024
	(in EUR)	(in EUR)
Accounts Payable		
Accounts payable	2,651	4,946
Total Accounts Payable	2,651	4,946

DEMOCRACY PLUS
Notes to the Financial Statements (continued)
For the year ended December 31, 2025

8. DEFERRED REVENUE

	December 31, 2025	December 31, 2024
	(in EUR)	(in EUR)
Democracy Plus	27,955	23,088
His Majesty the King in Right of Canada - CFLI	6,881	-
The European Union, represented by European Commission No-2022/441-430	-	54,893
The European Union, represented by European Commission No-2024/454-452	64,000	-
Deutsche Gesellschaft für Internationale Zusammenarbeit - GIZ GmbH	-	19,318
The State of the Netherlands (MATRA Programme)	23,575	-
SKAT Consulting Ltd. Branch in Kosovo	20,945	-
Democracy International and DPL1/SCA - Social Contract Activity in Kosovo-USAID	-	11,751
Local Works - Recycling Matters Activity- Gračanica/Graçanicë - USAID	322,100	168,929
National Endowment for Democracy (NED)	-	4,777
	<hr/>	<hr/>
Total Deferred Revenue	465,456	282,756

DEMOCRACY PLUS
Notes to the Financial Statements (continued)
For the year ended December 31, 2025

9. GRANT INCOMES

	December 31, 2025	December 31, 2024
	(in EUR)	(in EUR)
DAI Global, LLC	8,620	21,432
Democracy Plus	2,781	15,000
Kosovo Women's Network-KWF	5,303	-
The Olof Palme International Center (OPIC)	-	73,774
National Endowment for Democracy (NED)	4,777	44,565
Embassy of the Kingdom of the Netherlands in Pristina - MATRA	1,425	-
Balkan Investigative Report Network (BIRN) - UNMIK	-	17,306
Balkan Investigative Report Network (BIRN) - DEMOS project	10,440	13,370
Udruzenje gradana i gradanki Zasto ne SEE- CHECKSEE-CHECK	12,000	-
Democracy International, Inc. -SCA	58,748	-
Deutsche Gesellschaft fur Internationale Zusammenarbeit - GIZ GmbH	4,146	32,048
Westminster Foundation for Democracy (WFD)	8,000	-
His Majesty the King in Right of Canada - CFLI	11,750	-
The University of Manchester GENERATE	6,700	-
Instituti për Demokraci dhe Ndërmjetësim SMART	29,116	26,382
Democracy for Development (D4D) / NDI	561	2,663
Organization for Security and Co-operation in Europe - OSCE	20,000	-
IOM Headquarters	18,500	-
Democracy International and DPL1/SCA - Social Contract Activity in Kosovo-USAID	-	193,033
United Nations development Programme - UNDP - Reference No. LVGA LVG2023034	-	43,836
United Nations development Programme - UNDP - Reference No. LVG2023075	-	16,753
European Association for Local Democracy (ALDA)- BOOST	600	-
Local Works - Recycling Matters Activity- Gračanica/Graçanicë - USAID	125,224	463,856
The European Union, office in Kosovo No-2022/441-430	85,747	72,436
European Union Office in Kosovo no. 2024/461-925	100,000	97,798
SKAT Consulting Ltd. Branch in Kosovo	20,950	-
National Democratic Institute - NDI	-	24,614
Total grant incomes	535,386	1,158,866

DEMOCRACY PLUS
Notes to the Financial Statements (continued)
For the year ended December 31, 2025

10. STAFF SALARIES AND BENEFITS

	December 31, 2025	December 31, 2024
	(in EUR)	(in EUR)
Salary for Administration	82,309	99,090
Salary for Program	246,927	396,360
External Personnel	34,878	55,817
Salary for Interns	11,949	20,812
Health Insurance	6,900	9,289
Pension contribution	19,445	29,596
Total staff salaries and benefits	402,407	610,964

11. PROJECT ACTIVITIES

	December 31, 2025	December 31, 2024
	(in EUR)	(in EUR)
Training expenses	18,790	75,000
Platform launching	3,300	17,805
Marketing costs	-	22,264
Printing and design layout	8,459	-
Infographics and design	340	-
Translation	9,549	14,253
Project partners	3,832	294,557
Travel and Meetings	8,862	19,543
Workshops	403	6,348
Socia Media	1,168	-
Other expenses	3,442	14,528
Research and Analysis	8,400	7,454
Domain	3,461	-
Video Spot	3,800	-
Refreshments and food	8,025	-
Total Project activities	81,831	471,753

DEMOCRACY PLUS
Notes to the Financial Statements (continued)
For the year ended December 31, 2025

12. ADMINISTRATIVE EXPENSES

	December 31, 2025	December 31, 2024
	(in EUR)	(in EUR)
Rent	24,615	30,514
Office supplies	3,284	3,862
Travel expenses	2,613	-
Printing and design layout	-	17,171
Telephone and internet	4,252	7,068
Audit expenses	5,000	4,500
Utilities	2,965	2,852
Repairs and maintenance	6,412	6,887
Other expenses	2,007	3,295
Total administrative expenses	51,148	76,149

DEMOCRACY PLUS
Notes to the Financial Statements
For the year ended December 31, 2025

13. PROFIT AND LOSS BY PROJECTS

	Notes	European Union no. 2022/441-430 (in EUR)	European Union no. 2024/461-925 (in EUR)	SKAT (in EUR)	SCA (in EUR)	SMART (in EUR)	USAID / RMG (in EUR)	Other Projects (in EUR)	Total (in EUR)
Income									
Grant income	9	85,747	100,000	20,950	58,748	29,116	125,224	115,602	535,386
Income from donated assets	4	-	-	-	3,957	-	17,971	-	21,928
Total Income		85,747	100,000	20,950	62,705	29,116	143,195	115,602	557,314
Operating Expense									
Staff salaries and benefits	10	65,669	74,638	20,155	41,306	20,109	105,275	75,255	402,407
Project activities	11	15,769	15,396	-	7,335	8,463	9,734	25,135	81,831
Administrative expenses	12	4,309	9,966	795	10,107	544	10,216	15,212	51,148
Depreciation expenses	3	-	-	-	3,957	-	17,971	-	21,928
Total Operating Expense		85,747	100,000	20,950	62,705	29,116	143,195	115,602	557,314
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, 2025, 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.

DEMOCRACY PLUS

Notes to the Financial Statements (continued)

For the year ended December 31, 2025

17. CONTINGENCY LIABILITY

On 8 February 2025, D+ signed Contract No. IWRMK2-CPS-2025-002 with Skat Consulting Ltd., Branch in Kosovo, as part of the Integrated Water Resources Management in Kosovo (IWRM-K) Programme funded by the Swiss Agency for Development and Cooperation (SDC). Under this contract, D+ manages the CSO grant scheme aimed at advancing inclusive and sustainable water governance.

D+ designed and launched the first CSO grant call (Ref: CA 2025-01) for Phase 2 of the programme, which attracted 34 eligible applications. As a result, six grants were awarded to initiatives addressing water pollution, community awareness, and the inclusive management of water resources.

D+ is responsible for the overall management of these grants, with total budget to grantees of 256,379.78EUR including the development and operation of a tracking system, a monitoring and evaluation (M&E) plan, visibility guidelines, and reporting mechanisms. To support grantees, D+ maintains a streamlined system for financial, programmatic, and administrative reporting.

During our engagement we have reviewed the contractual agreement between Skat Consulting Ltd., Branch in Kosovo and D+ relating to the administration and monitoring of six grants. D+ does not receive or control grant funds and acts in substance as an agent. Accordingly, grant funds and related disbursements are not recognized as assets or expenses of D+.

The agreement includes a delay penalty clause of 3.33% per month of delay, capped at 10%, and an indemnification clause whereby additional costs arising from negligence of D+ would be borne by D+. This clause shall lapse upon 5 years upon termination of this Contract. These clauses create potential contractual exposure.

As of the reporting date, based on discussions with management, review of project status reports delivered to Skat Consulting Ltd., Branch in Kosovo, no delays triggering contractual penalties have been identified, and no instances of negligence or claims for reimbursement have been communicated. Accordingly, no present obligation exists at year-end.

Recognition in the financial statements is therefore limited to service/management fee income earned by D+ under the arrangement.