IPKO Foundation

Independent Auditor's Report and Financial Statements as at and for the year ended 31 December 2015

Contents

Deloitte.

Deloitte Kosova sh.p.k.
St. Ali Hadri n.n
10000 Prishtinë 3
Kosova

Tel: +381 (0)38 760 304
Fax: +381 (0)38 760 350
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of "IPKO Foundation"

We have audited the accompanying financial statements of IPKO Foundation which comprise the statement of financial position as at December 31, 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 entity'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 management, 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 accompanying financial statements present fairly, in all material respects, the financial position of IPKO Foundation as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

We draw attention to note 10 of the financial statements which describes the circumstances under which IPKO Foundation during the year ending December 31, 2015 has invested an amount of EUR 2,800,000 in an investment account and occurred losses in amount of EUR 82,970. Our opinion is not qualified in respect of this matter.

Deloitte Kosova Sh.p.k.

Deloitte Kosova Sh.p.k.
Prishtinë, Kosovë
June 17, 2016

IPKO Foundation
Statement profit or loss and other comprehensive income
for the year ended December 31, 2015
(Amounts expressed in EUR)

	Notes	Year ended December 31, 2015	Year ended December 31, 2014
Income from donations	**5**	58,610	47,80
Incomes from investment account	**6**	17,176	-
Interest income	**4**	145	102,569
Other Income		-	300
Total Income		**75,931**	**149,949**
Other operating expenses	**9**	(147,247)	(170,665)
Personnel expenses	**8**	(72,351)	(64,256)
Investment Management fee	**7**	(22,384)	-
Interest expense		-	(517)
Loss from investment	**10**	(82,970)	-
Deficit from operations		**(324,952)**	**(235,438)**
Deficit for the year		**(249,021)**	**(85,489)**
Other comprehensive income/ (expense)		-	-
Total comprehensive expense		**(249,021)**	**(85,489)**

Authorized for issue by management and signed on its behalf on June 17, 2016:

Abetare Gojani
Executive Director

Arbresha Tuhina
Head of Finance and Administration

The accompanying notes from pages 8 to 21 form an integral part of these financial statements

(Amounts expressed in EUR)

	Notes	As at December 31, 2015	As at December 31, 2014
ASSETS			
Current assets:			
Cash and cash equivalents	11	2,587,266	2,982,407
Investment	10.1	144,561	-
Prepayments	12	5,650	-
TOTAL ASSETS		**2,737,477**	**2,982,407**
EQUITY AND LIABILITIES			
Shareholders' equity			
Accumulated surplus		2,981,593	3,067,082
Deficit for the year		(249,021)	(85,489)
		2,732,572	**2,981,593**
Current liabilities			
Trade and other payables	13	4,905	814
		4,905	**814**
TOTAL EQUITY AND LIABILITIES		**2,737,477**	**2,982,407**

The accompanying notes from pages 8 to 21 form an integral part of these financial statements

IPKO Foundation

Statement of changes in equity as at December 31, 2015

(Amounts expressed in EUR)

	Accumulated surplus	Total
Balance at 1 January 2014	**3,067,082**	**3,067,082**
Deficit	(85,489)	(85,489)
Other comprehensive income/expense	-	-
Total comprehensive expense	(85,489)	(85,489)
Balance at 31 December 2014	**2,981,593**	**2,981,593**
Deficit	(249,021)	(245,155)
Other comprehensive income/expense	-	-
Total comprehensive expense	(249,021)	(245,155)
Balance at 31 December 2015	**2,732,572**	**2,736,438**

The accompanying notes from pages 8 to 21 form an integral part of these financial statements

(Amounts expressed in EUR)

	Notes	Year ended December 31, 2015	Year ended December 31, 2014
Cash flows from operating activities			
Deficit for the period		(249,021)	(85,489)
Adjustment for:			
Depreciation		-	-
Interest Income	4	(145)	(102,569)
		(249,166)	**(188,058)**
Working capital changes:			
Increase /(Decrease) in prepayments	12	(5,650)	920
Increase /(Decrease) in Interest Accrued		-	103,552
Increase in liabilities	13	4,091	(3,465)
Interest received	4	145	102,569
Net cash generated from/(used in) operating activities		**(250,580)**	**15,518**
Cash flows from investing activities			
Cash outflow from investment in RBC ARC Fund Limited		(144,561)	-
Changes in time deposit		-	3,000,000
Proceeds from bank overdraft		-	(33,815)
Net cash from investing activities		**(144,561)**	**2,966,185**
Net cash used in financing activities		**-**	**-**
Net increase in cash and cash equivalents		**(395,141)**	**2,981,703**
Cash and cash equivalents at beginning of the year	11	2,982,407	704
Cash and cash equivalents at the end of the year	11	**2,587,266**	**2,982,407**

The accompanying notes from pages 8 to 21 form an integral part of these financial statements.

(Amounts expressed in EUR)

1. GENERAL INFORMATION

IPKO Foundation (the "Organization" or "Foundation") is a successor of IPKO Institute and is a not-for-profit organization established on 16 February 2000 in accordance with the United Nations Interim Administration in Kosova (UNMIK) Regulation No. 1999/22.

The Organization was founded to help provide the tools, knowledge and environment required for Kosovo to participate in the global information society. The Organization provided internet services ("ISP") through its associate IPKO Net ("the Associate") to a number of non-government organizations free of charge.

On 3 April 2008, the General Assembly of IPKO Institute amended the Organization's mission and purpose from a free internet service provider to an institution to provide scholarships to qualifying students in Kosovo.

On 20 June 2008 the General Assembly of IPKO Institute unanimously decided to amend the name of the Institute to IPKO Foundation. This change in name was made to better reflect the change in mission of the Foundation and it did not encompass a change in the legal structure, as the Foundation remains a not-for-profit membership Foundation.

Objectives:
The purpose of PKO Foundation is to provide financial support for training, educational and scientific activities, with the aim of developing human capital for the overall progress of Kosovo's economy. IPKO Foundation provides financial and other support for: training and education for the development of human capital in Kosova, national and international initiatives in research and education to address overall development of Kosova and the region, other philanthropic programs and projects.

Board of Directors is comprised from the following members:

Name, First name, date of birth	**Registered position/Function**	**Authority to sign**	**Start date**
Musa, Bujar 12 December 1966	President	Authorized signatory	February 2000
Crawford, Teresa 10 March 1975	Founder and Member	Authorized signatory	February 2000
Meyer, Paul 26 July, 1970	Founder and Member	No signing authority	February 2000
Ismaili, Akan 10 March 1974	Founder and Member	No signing authority	February 2000-May 2012 Re-joined December 2015
Xhakli, Kushtrim 16 October 1982	Member	No signing authority	June 2012

The Foundation is management by:

Name, First name, date of birth	Registered position/Function	Authority to sign	Start date
Tuhina, Arbresha 13 May 1980	Official Representative	No signing authority	August 2008

At 31 December 2015 the Organization has 5 regular employees (2014: 6 regular employees).

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 Standards and Interpretations effective in the current period

The following amendments to the existing standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period:

- **Amendments to IAS 19 "Employee Benefits"** - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014),
- **Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)"** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014),
- **Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014)

The adoption of these amendments to the existing standards and interpretations has not led to any changes in the Company's accounting policies.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 Standards and Interpretations not effective in the current period

At the date of authorization of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but not yet effective:

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016),
- **IFRS 15 "Revenue from Contracts with Customers"** and further amendments (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 16 "Leases"** (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"** - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IFRS 11 "Joint Arrangements"** – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 7 "Statement of Cash Flows"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017),
- **Amendments to IAS 12 "Income Taxes"** - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017),
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"** - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016)
- **Amendments to IAS 27 "Separate Financial Statements"** - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)"** resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2016).

The Organization has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Organization anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements of the Organization in the period of initial application.

(Amounts expressed in EUR)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

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

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

3.3 Currency of presentation

The reporting currency of the Organization is the Euro, which is the legal currency in the territory of Kosova since January 1, 2002.

3.4 Foreign currencies

Transactions in foreign currencies are translated 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 measured in terms of historical cost in a foreign currency are not retranslated.

3.5 Property, plant and equipment

i. Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as items (major components) of property, plant and equipment. Gains and losses on disposal of equipment are determined by reference to their carrying amount and are taken into account in determining the operating result for the period.

ii. Subsequent costs
The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognized in the statement of comprehensive income as incurred.

iii. Depreciation
Annual depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of equipment.
For additions depreciation is charged subsequent to the month of purchase while for disposals up to the month of disposal. Depreciation rates, based on estimated useful lives for the current and comparative periods are as follows:

	As at 31 December 2015	***As at 31 December 2014***
IT equipment	20%	20%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks and short-term highly liquid investments with maturities of three months or less when purchased and are subject to an insignificant risk of changes in value.

3.7 Trade and other receivables

Trade receivables are stated at their nominal cost less allowance for doubtful debts.

3. 8 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed to the Company or not.

3.9 Government Grants

Government grants are not recognized until there is reasonable assurance that the Organization will comply with the conditions attaching to them and that the grants will be received.
Government grants are recognized in profit or loss on a systematic basis over the periods in which the Organization recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Organization should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.
Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Organization with no future related costs are recognized in profit or loss in the period in which they become receivable.
The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

3.10 Impairment

Non-financial assets
The carrying amounts of the Organization's assets, with the exception of inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In respect of property, plant and equipment, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Impairment (continued)

Non-financial assets (continued)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.11 Interest

Interest income and expense are recognized in the profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and points paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the profit or loss include interest on financial assets and liabilities at amortized cost on an effective interest rate basis.

3.12 Employee benefits

The Company makes no provision for and has no obligation for employee pensions in excess of the contributions paid into the Kosova Pension Savings Trust.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Contingencies and provisions

Contingent liabilities are not recognized in financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

A provision is recognized if the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying eco nomic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

3.14 Income tax

As a not-for-profit Foundation, IPKO Foundation is exempt from income taxes. A non-governmental organisation registered in Kosovo may apply for public benefit status and exemption from income tax. The Fund received such status in December 2001.

Additionally, in accordance with the provisions of regulation number 2001/11 of UNMIK, all imports, inflows within the Former Republic of Yugoslavia (or "FRY") or supplies funded from the proceeds of the grants made to UNMIK or the Administrative Departments of the Joint Interim Administration Structure by governments, government agencies, governmental or non-governmental foundations in support of humanitarian and reconstruction programs and projects in Kosovo are exempt from VAT. The activities of the Fund are exempt from VAT.

3.15 Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

3.16 Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The key estimate used by the Foundation is the depreciation charge for equipment (note 9 and note 3 (c)).

(Amounts expressed in EUR)

4. INTEREST INCOME FROM SAVINGS

	Year ended December 31, 2015	Year ended December 31, 2014
Interest income from RBC account	145	-
Interest income from PCB	-	51,988
Interest income from NLB- Prishtina	-	50,581
Total	**145**	**102,569**

During 2015 IPKO Foundation realized deposit interest incomes in amount of EUR 145 from RBC account.
In December 2014, interest income were generated from two time deposits of EUR 1,500,000 each, both with an interest rate of 6.8% p.a. and both maturing on 1 July 2014. Interest income were received every six months on 30 June and 31 December).

5. INCOME FROM DONATIONS

	Year ended December 31, 2015	Year ended December 31, 2014
Income from Norwegian Foreign Ministry	25,932	25,096
Income from US Office	14,304	11,824
Income from Local and International	15,500	8,060
Income from Municipality's	2,075	2,100
Other	799	-
Total	**58,610**	**47,080**

6. INCOME FROM INVESTMENT ACCOUNT

	Year ended December 31, 2015	Year ended December 31, 2014
Income from investment account	17,176	-
Total	**17,176**	**-**

These incomes relate to investment account in RBC.

(Amounts expressed in EUR)

7. INVESTMENT MANAGEMENT FEE

	Year ended December 31, 2015	Year ended December 31, 2014
Investment management fee	22,384	-
Total	**22,384**	**-**

Investment account fee relate to expenses in relation ot RBC investment account. Out of EUR 22,384, EUR 3,866 are accrued expenses as at December 31, 2015.

8. PERSONNEL EXPENSES

	Year ended December 31, 2015	Year ended December 31, 2014
Gross salaries	68,905	61,196
Pension contribution	3,446	3,060
Total	**72,351**	**64,256**

9. OTHER OPERATING EXPENSES

	Year ended December 31, 2015	Year ended December 31, 2014
Advisory, legal and audit fees	33,925	39,035
Travel and entertainment	30,249	32,704
Marketing and advertising	17,242	12,620
Scholarships	17,185	27,895
Rent expenses	11,720	12,605
Representation	7,929	11,182
Sponsorship	7,222	11,618
Other	6,040	1,256
Printing materials	4,961	7,243
Purchase of small equipment	4,333	276
Office supply	3,411	5,199
Telecommunication Expenses	1,398	2,005
Utilities	1,339	1,992
Maintenance	294	870
Staff Costs	-	4,165
Total	**147,247**	**170,665**

(Amounts expressed in EUR)

10. INVESTMENT ACCOUNT IN RBC BANK

	Year ended December 31, 2015	Year ended December 31, 2014
Purchase of financial assets through investment account in RBC	(2,769,221)	--
Less: Sale of financial assets through investment account in RBC	2,541,691	-
Less: RBC offshore fund managers limited ARC fund LTD (market value)	144,561	-
Profit/(Loss) from investment	**(82,970)**	-

With a resolution dated June 4, 2014, the Foundation's Board of Directors approved the opening of an investment account and entering into an Investment Management Services Agreement with Royal Bank of Canada Investment Management (U.K.) Limited ("RBC"). RBC was appointed as investment manager for the Foundation.

On February 23, 2015 EUR 2,900,000 were transferred from a deposit account in Pro Credit Bank in Kosova to a current account at RBC. Meanwhile, on February 26, 2015 EUR 2,800,000 funds were transferred from the current account to an investment account at RBC. This amount was invested in different asset classes such as: cash, fixed incomes, equity and alternative investments.

During May 2015 the Foundation was informed that RBC has changed their strategic focus and will be no longer serving clients in Kosovo, so the Foundation started procedures to move funds to a new investment manager. In the coming months the Foundation and RBC worked together to liquidate the investments.

As at December 31, 2015 all financial instruments are liquidated except for Investment at RBC ARC Fund Limited.

The loss amount is a result of difference between purchase and sale amount of asset classes upon liquidation.

10.1 INVESTMENT AT RBC ARC FUND LIMITED

	As at December 31, 2015	As at December 31, 2014
RBC offshore fund managers limited ARC fund LTD (Book Value)	149,695	
Loss on investment	(5,134)	-
RBC offshore fund managers limited ARC fund LTD (Market value)	144,561	-

EUR 144,561 represent the market value of C share class in USD invested in RBC ARC Fund Limited.

(Amounts expressed in EUR)

10.1 INVESTMENT AT RBC ARC FUND LIMITED (CONTINUED)

These shares are liquidated and proceeds of EUR 130,714 were transferred to the capital account of IPKO foundation on June 8, 2016.

As at the day of the report the Foundation is still in the process of moving the endorsement from RBC to Julius Baer in Switzerland and entering in an Investment Agreement with this bank.

11. CASH AND CASH EQUIVALENTS

	As at December 31, 2015	As at December 31, 2014
Cash at banks – RBC	2,571,273	-
Cash at banks	15,921	2,982,366
Cash on hand	72	41
Total	**2,587,266**	**2,982,407**

12. PREPAYMENTS

	As at December 31, 2015	As at December 31, 2014
Prepaid expenses	5,350	-
Advances to employees	300	-
Total	**5,650**	**-**

13. TRADE AND OTHER PAYABLES

	As at December 31, 2015	As at December 31, 2014
Investment management fee	3,866	-
Trade and other payables	1,039	814
Total	**4,905**	**814**

14. FINANCIAL INSTRUMENTS AND CONCENTRATION OF RISK

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At the reporting date the exposure to credit risk is represented by cash and cash equivalents. Cash in amount of EUR 2,571,273 as at December 31, 2015 is kept in and investment account at Royal Bank of Canada in UK. As described in note 10 the Organization occurred a loss amounting EUR 82,970. The Organization is in the process of transferring the money to another bank.

No impairment is provided for these exposures, as management does not believe that it will incur any losses.

Cash and term deposits as at December 31, 2014 were kept in banks within Kosovo.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Interest rate risk

In managing interest rate risk the Organization aims to reduce the impact of short-term fluctuations on the Organization's earnings over the longer-term. The Organization places the majority of its Organizations in long term deposits with fixed interest rates, to minimize the impact of interest rate changes.

Management of liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The Organization's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Foundation's reputation.

Typically, the Organization ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(Amounts expressed in EUR)

14. FINANCIAL INSTRUMENTS AND CONCENTRATION OF RISK (CONTINUED)

Sensitivity analysis

In managing interest rate and currency risks the Foundation aims to reduce the impact of short-term fluctuations on the Foundation's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates might have an impact on profit. At 31 December 2015 and 31 December 2014, a change in the value of the Euro against other foreign currencies would not impact the Organization's Organization balance due to no foreign currency amounts being held. It is also estimated that a change in interest rates would not affect profit or loss due to a lack of variable rate instruments being discounted at fair value.

Capital management

The Organization policy is to maintain stability of capital base so as to maintain creditor and market confidence and to sustain future development of the business. The Organization monitors the return on capital, which the Organization defines as net operating income divided by total Organization balance - equity.

There were no changes in the Organization's approach to capital management during the year.

The Organization is not subject to externally imposed capital requirements.

15. RELATED PARTY TRANSACTIONS

A party is related to an entity if, directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with the entity, the party has an interest in the entity that gives it significant influence over the entity, the party has joint control over the entity, the party is an associate or the party is a member of the key management personnel of the entity or its parent.

The total compensation paid to the Organization's board member are:

	Year ended 31 December 2015	Year ended 31 December 2014
Consulting Fee	31,809	36,798
Traveling expenses	6,729	5,635
Accommodation	850	1,087
Total	**39,388**	**43,520**

16. COMMITMENT AND CONTIGENCIES

Commitment

At December 31, 2015 and December 31, 2014 the Organization did not have any commitments.

Contingencies

The Organization is involved in routine legal proceedings in the ordinary course of business. It is management's opinion that the final outcome of these lawsuits will not have a material effect on the Organization's results. There were no changes in policies from previous year and management considers there to be no critical areas of judgment.

17. SUBSEQUENT EVENTS

C share class in USD invested in RBC ARC Fund Limited which as at December 31, 2015 have a market value of EUR 144,561 are liquidated on June 8, 2016 and proceeds of EUR 130,714 were transferred to the capital account of IPKO foundation.

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