

# **Institute for Advanced Studies GAP**

**Independent Auditors' Report and  
Financial Statements as at and for the year ended December 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of "Institute for Advanced Studies GAP"

### Opinion

We have audited the financial statements of "*Institute for Advanced Studies GAP*", which comprise the statement of financial position as at December 31, 2017, and the statement surplus or deficit and other comprehensive income and statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and with the ethical requirements that are relevant to our audit of the financial statements in Kosova, 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 the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.





## Auditor's Responsibilities for the Audit of 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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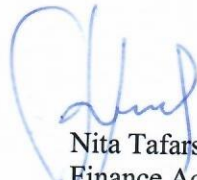
## **Institute for Advanced Studies GAP**

### **Statement of financial position as at December 31, 2017** (amounts in Euro)

	Notes	As at December 31, 2017	As at December 31, 2016
<b>Assets</b>			
Cash on hand and at banks	6	96,924	75,568
Total current assets		<u>96,924</u>	<u>75,568</u>
Office equipment	5	14,416	5,327
Total non - current assets		<u>14,416</u>	<u>5,327</u>
<b>Total assets</b>		<u><b>111,340</b></u>	<u><b>80,895</b></u>
<b>Liabilities and equity</b>			
Opening Balance			-
Net surplus			-
Total equity			<u>-</u>
Trade and other payables	7	5,567	5,023
Deferred Revenue	8	105,773	75,872
Total current liabilities		<u><b>111,340</b></u>	<u><b>80,895</b></u>
<b>Total liabilities and shareholders' equity</b>		<u><b>111,340</b></u>	<u><b>80,895</b></u>

These financial statements were authorised for issue by the Board of Directors on March 28, 2018 and signed on their behalf by:

  
Nora Latifi Jashari  
Executive Director

  
Nita Tafarshiku  
Finance Accountant



**Institute for Advanced Studies GAP**

**Statement of surplus or deficit and other comprehensive income for the year ended December 31, 2017**

*(amounts in Euro)*

	Notes	For the year ended December 31, 2017	For the year ended December 31, 2016
Income from donations	9	262,915 <u>262,915</u>	237,018 <u>237,018</u>
Program and administrative expenses	10	262,915 <u>262,915</u>	237,018 <u>237,018</u>
<b>Operating surplus</b>		-	-
<b>Profit before income tax expense</b>		-	-
Income tax expense		-	-
<b>Net surplus/(deficit) for the year</b>		-	-
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		-	-

**Statement of cash flows for the year ended December 31, 2017**  
(amounts in Euro)

	Notes	For the year ended December 31, 2017	For the year ended December 31, 2016
<b>Net profit for the year before income tax</b>		-	-
Adjustments for:			
Depreciation		5,295	3,353
<b>Changes in working capital</b>			
(Decrease)/Increase in trade and other payables		546	1,059
(Decrease)/Increase in deferred revenues		29,899	(19,216)
		<u>35,740</u>	<u>(14,804)</u>
Income tax paid		-	-
<b>Net cash flow used in operating activities</b>		<u>35,740</u>	<u>(14,804)</u>
<b>INVESTING ACTIVITIES</b>			
Additions in fixed assets		(14,384)	-
<b>Net cash used in investing activities</b>		<u>(14,384)</u>	<u>-</u>
<b>FINANCING ACTIVITIES</b>			
<b>Net cash used in financing activities</b>		<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents during the year		21,356	(14,804)
Cash and cash equivalents, beginning of the year		75,568	90,372
<b>Cash and cash equivalents, end of the year</b>		<u>96,924</u>	<u>75,568</u>

**Notes to the financial statements as at and for the year ended December 31, 2017**

*(amounts in Euro, unless otherwise stated)*

**1. Background information**

*Institute for Advanced Studies GAP* is registered as a non-governmental and non-profit Organization under the Law No. 03/L-134 on Freedom of Associations in Non-Governmental Organizations, on 17 August 2007 with head office in Prishtina.

The Institute for Advanced Studies GAP is a Kosovo Think Tank whose main purpose is to attract professionals by creating a professional research and developmental environment commonly found in similar institutions in Western countries.

This will include providing Kosovars with an opportunity to research develop and implement projects that would strengthen Kosovo society. A priority of the Institute is to mobilize professionals to address the country's pressing economic, political and social challenges. GAP's main objectives are to bridge the gap between government and people, and to bridge the gap between problems and solutions.

**2 Standards and interpretations effective in the current period**

The following new amendments to the existing standards issued by the International Accounting Standards Board (IASB) are effective for the current reporting period:

- **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 IFRS 12 due to "Improvements to IFRSs (cycle 2014-2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 12 are to be applied for annual periods beginning on or after 1 January 2017).
- The adoption of these amendments to the existing standards and interpretations has not led to any changes in the Company's financial statements.

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



**Notes to the financial statements as at and for the year ended December 31, 2017**  
*(amounts in Euro, unless otherwise stated)*

**3. Standards and interpretations in issue not yet effective**

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

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

- **IFRS 9 Financial Instruments** (effective for annual periods beginning on or after 1 January 2018),
- **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),
- **IFRS 17 "Insurance Contracts"** (effective for annual periods beginning on or after 1 January 2021),
- **Amendments to IFRS 2 "Share-based Payment"** - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 4 "Insurance Contracts"** - Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 "Financial Instruments" is applied first time),
- **Amendments to IFRS 9 "Financial Instruments"** - Prepayment Features with Negative Compensation (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 deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IAS 19 "Employee Benefits"** - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 28 "Investments in Associates and Joint Ventures"** - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 40 "Investment Property"** - Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 1 and IAS 28 due to "Improvements to IFRSs (cycle 2014-2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018),
- **Amendments to various standards due to "Improvements to IFRSs (cycle 2015-2017)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019),
- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** (effective for annual periods beginning on or after 1 January 2018),
- **IFRIC 23 "Uncertainty over Income Tax Treatments"** (effective for annual periods beginning on or after 1 January 2019).

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



**Notes to the financial statements as at and for the year ended December 31, 2017**

*(amounts in Euro, unless otherwise stated)*

**4. Summary of significant accounting policies**

**4.1 Basis of preparation**

These financial statements have been prepared under the historical cost convention except for revaluation of certain financial assets and liabilities.

These financial statements are presented in Euro, which is the Organization's functional currency.

**4.2 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and unrestricted cash held with banks or term deposits with maturity of less than three months.

**4.3 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents solely amount receivable from donors with regard to the payroll, operating, and other expenses incurred.

**4.4 Foreign currency transactions**

Transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on monetary items, are included in the profit and loss of the period in which they arise.

**4.5 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.

**4.6 Contingencies and provisions**

Contingent liabilities are not recognized in the 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 Organization has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

**4.7 Critical judgments and key sources of estimation uncertainty**

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

# **Institute for Advanced Studies GAP**

## **Notes to the financial statements as at and for the year ended December 31, 2017** (amounts in Euro, unless otherwise stated)

### **5. Office equipment**

	<b>Office equipment</b>	<b>Total</b>
<i>Cost</i>		
Balance as of January 1, 2015	13,262	13,262
Additions	6,600	6,600
Write offs	(2,758)	(2,758)
<b>Balance as of December 31, 2015</b>	<b>17,104</b>	<b>17,104</b>
Additions	-	-
Write offs	-	-
<b>Balance as of December 31, 2016</b>	<b>17,104</b>	<b>17,104</b>
Additions	14,384	14,384
Write offs	-	-
<b>Balance as of December 31, 2017</b>	<b>31,488</b>	<b>31,488</b>
<i>Accumulated depreciation</i>		
Balance as of January 1, 2015	7,760	7,760
Charge for the period	3,421	3,421
Write off	(2,757)	(2,757)
<b>Balance as of December 31, 2015</b>	<b>8,424</b>	<b>8,424</b>
Charge for the period	3,353	3,353
<b>Balance as of December 31, 2016</b>	<b>11,777</b>	<b>11,777</b>
Charge for the period	5,295	5,295
Write offs	-	-
<b>Balance as of December 31, 2017</b>	<b>17,072</b>	<b>17,072</b>
<b>Net book value as of December 31, 2015</b>	<b>8,680</b>	<b>8,680</b>
<b>Net book value as of December 31, 2016</b>	<b>5,327</b>	<b>5,327</b>
<b>Net book value as of December 31, 2017</b>	<b>14,416</b>	<b>14,416</b>

### **6. Cash on hand and at banks**

	<b>As at December 31, 2017</b>	<b>As at December 31, 2016</b>
TEB Euro	96,663	75,290
TEB USD	77	77
PROCREDIT Bank	1	5
Cash on hand	183	196
<b>Total</b>	<b>96,924</b>	<b>75,568</b>



**Institute for Advanced Studies GAP**

**Notes to the financial statements as at and for the year ended December 31, 2017**  
*(amounts in Euro, unless otherwise stated)*

**7. Trade and other payables**

	As at December 31, 2017	As at December 31, 2016
Accrued expenses	2,583	2,560
Withholding tax payable	2,875	2,354
Tax on rent	109	109
<b>Total</b>	<b>5,567</b>	<b>5,023</b>

**8. Deferred revenues**

	As at December 31, 2017	As at December 31, 2016
Deferred revenues	105,773	75,872
<b>Total</b>	<b>105,773</b>	<b>75,872</b>

**9. Income from donations**

	For the year ended December 31, 2017	For the year ended December 31, 2016
SIDA	76,875	68,210
Rockefeller Brothers Fund	22,043	44,932
National Endowment for Democracy	29,526	43,759
British Embassy	-	25,675
UNDP	24,910	12,080
Open Society Foundations	3,927	7,884
KCSF	39,229	4,302
ATRC	35,913	2,658
OSIFE	-	1,493
The International Research and Exchange Board (IREX)	-	1,053
MATRA	842	-
US Embassy	15,570	-
WEBER	6,296	-
Main/Other	7,784	24,972
<b>Total</b>	<b>262,915</b>	<b>237,018</b>

**Institute for Advanced Studies GAP****Notes to the financial statements as at and for the year ended December 31, 2017***(amounts in Euro, unless otherwise stated)***10. Program and administrative expenses**

	<b>For the year ended December 31, 2017</b>	<b>For the year ended December 31, 2016</b>
Salaries and benefits	142,732	132,827
Income Taxes & Contributions	15,743	19,118
Rent & Rent Tax	14,505	14,505
Design costs	4,933	11,719
Professional fees	940	7,949
Advertising	6,904	6,138
Office & Website Maintenance	6,540	5,819
Roundtables	6,916	5,362
Research services	-	5,000
Auditing expense	1,900	3,500
Travel expenses	10,206	3,483
Depreciation	5,295	3,354
Translation services	11,105	2,907
Printing costs	4,678	2,524
Utilities	1,728	1,358
Communication expenses	1,416	1,238
Office Supplies	1,310	1,101
Perdiems	-	650
Subscriptions	375	584
Bank charges	628	- 427
Project meeting services	930	-
Evaluation expenses	6,825	-
Survey	9,530	-
Other	7,776	7,455
<b>Total</b>	<b>262,915</b>	<b>237,018</b>

**Notes to the financial statements as at and for the year ended December 31, 2017**  
(amounts in Euro, unless otherwise stated)

**11. Related party transactions**

Parties are related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely to the legal form.

Related party's transactions are carried out on normal commercial terms and conditions and at market prices. Following table's summarizes the related party's transactions and balances as of and for the years ended December 31, 2017 and 2016:

	<b>For the year ended December 31, 2017</b>	<b>For the year ended December 31, 2016</b>
<b>Key management compensation</b>		
Salaries	81,960	77,960

**12. Fair values and risk management**

**a. Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 4 to the financial statements.

**b. Categories of financial instruments**

As at the year end the Organization has following financial instruments.

	<b>As at December 31, 2017</b>	<b>As at December 31, 2016</b>
<u>Financial assets:</u>		
Cash on hand and at banks	96,924	75,568

**c. Financial risk management objectives**

The Organization's activities expose it to a variety of financial risks, including the credit risk and risks associated with the effects of changes in foreign currency exchange rates and interest rates. The Organization's risk management focuses on unpredictability of markets and seeks to minimize potential adverse effects over the Organization's business performance.

Risk management is carried out by Management based on certain pre-approved written policies and procedures that cover overall risk management, as well as specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of appropriate securities and investing excess liquidity.



**Notes to the financial statements as at and for the year ended December 31, 2017**

*(amounts in Euro, unless otherwise stated)*

**12. Fair values and risk management (continued)**

**d. Market risk**

*Foreign currency risk*

The Organization operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US Dollars. The Organization does not use any instrument to hedge the foreign exchange risk. The Organization's Management is responsible to maintain adequate net position in each currency and in total and its operations are daily monitored by the Organization's management.

The Organization undertakes transactions in both Euro and foreign currencies. The Organization has not entered into any forward exchange or embedded derivative transactions during the year ended December 31, 2017.

**e. 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.

**f. Fair value of financial instruments**

Management of the Organization considers that the carrying amounts of financial assets and financial liabilities recorded at cost or amortised cost in the financial statements approximate their fair values due to their short maturity.

**13. Events after the reporting date**

There are no events subsequent to the reporting date that require disclosure in the financial statements of the Organization.

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