



**INSTITUTE FOR ADVANCED STUDIES
GAP**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDING DECEMBER 2008**

**Pristine
March 2009**

To the Board of Directors of Institute for Advanced Studies GAP

Independent Auditor's Report

We have audited the financial statements and supplementary financial data for consolidation purposes of Institute for Advanced Studies GAP, expressed in EUR, for the period ended December 31, 2008. These financial statements and supplementary financial data are the responsibility of the project's management.

The organization was established on September of 2007 and this is first audit of the financial statements of the organization.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Accounting Standards. These responsibilities include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the aforementioned financial information based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the reporting forms are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the reporting forms. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the proper accounting and reporting of the data on the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial information of the Organization present fairly, in all material respects, the financial position of Institute for Advanced Studies GAP as of December 31, 2008 and the results of operations in accordance with IAS and Kosovo Accounting Standards.

Bashkim Uka,

Partner
20 March 2009





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Institute for Advanced Studies GAP

**Financial statements for the year ended
31 December 2008**

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Institute for Advanced Studies GAP Balance sheet

As at 31 December 2008

	2008 Euro
ASSETS	
Current Assets	
Cash and cash equivalents	22,252
Receivables	9,682
Prepayments	350
Non-current assets	
Fixed assets at Net Book Value	11,761
TOTAL ASSETS	<u>44,045</u>
LIABILITIES AND FUND BALANCES	
Current liabilities	
Liabilities	4,520
Deferred Revenue	<u>39,525</u>
Fund Balance	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>44,045</u>

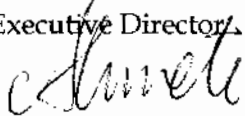
**Institute for Advanced Studies GAP
Income statement**

For the year ended 31 December 2008

	Euro 2008
Contribution Income	
Donor funding	<u>187,388</u> 187,388
Expenses	
Programs & Administrative	187,388 187,388
Surplus(deficit) for the year	0

Mr. Shpend Ahmeti

Executive Director



INSTITUTI PËR STUDIME TË AVANCUARA
GAP
INSTITUTE FOR ADVANCED STUDIES

Nora Latifi

Finance Director



Statement of Cash Flow

For the year ended 31 December 2008

	Euro 2008
Surplus (deficit) for the year	0
Operating Activities:	
Depreciation	2,940
Decrease/(increase) in receivables	(9,682)
Decrease/(increase) in prepayments	(350)
(Decrease)/increase in liabilities	4,520
(Decrease)/increase Def. Revenue	39,525
Net cash inflow (outflow) from operating activities	36,953
Investing activities:	
Payments for fixed assets	
Net Cash outflow from investing and financing activities	(14,701)
Increase (Decrease) in cash and cash equivalents for year	
Cash and cash equivalents at the beginning of year	0
Cash and cash equivalents at the end of year	22,252

NOTE 1 – Organization and Principal Activities

1.1 Organization and principal activities

The Institute for Advanced Studies GAP (hereafter, GAP) has been active in Kosovo since 2007.

The Institute for Advanced Studies GAP is a newly established Kosovo Think Tank. GAP's main purpose is to attract professionals by creating a professional research and development 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.

On August 17, 2007 GAP was officially registered, as a Non Governmental Organization under UNMIK Regulation 1999/22, Section 10, on the Registration and Operation of NGOs in Kosovo.

GAP employed 7 full time staff at 31 December 2008

NOTE 2 – Accounting Policies

2.1 General

The accompanying financial statements and notes to the financial statements have been prepared in accordance with International Accounting Standards ("IAS").

2.2 Basis of accounting

GAP prepares its financial statements using the accrual basis of accounting.

The functional currency of GAP is Euro (€)

GAP is obliged to prepare financial statements for local purposes since it is a legal entity.

2.3 Recognition of Contribution Income

GAP recognized revenue to the extent of the funds being expended on an accruals basis for approved budgetary amounts.

Funds expended during 2008 on an accruals basis generated contribution income from several Donor Contributions.

2.4 Expense Recognition

Expenses are recognized on an accruals basis. When a contract is signed or grant awarded during the year or where an invoice relating to the period is received and the payment is not made before year-end, the expense is recognized in the Balance Sheet as an accrual.

Administrative expenses are recognized in the period to which they relate.

2.5 Cash on hand and in banks

Cash and cash equivalents comprises cash balances 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.

2.6 Accounts receivable and payable.

Receivables and payables are recorded at their nominal value in Euro.

2.7 Fixed Assets

The rates of depreciation are as below:

	Rates
Computers	20%
Office equipment	20%
Other Equipment	20%

NOTE 3 – Taxation Issue

GAP is a non-profit making organization and accordingly is not liable for income taxes.

NOTE 4 – Cash

	Euro 2008
Cash held with PCB	22,197
Petty cash	55
Total cash and cash equivalents	22,252

NOTE 5 – Receivables

	Euro 2008
Receivables from Donors	9,682
Total	9,682

NOTE 6- Prepayments

	Euro 2008
Prepayment for Rent	350
Total	350

NOTE 7 – Fixed Assets

See excel sheet attached

NOTE 8 – Liabilities

	Euro 2008
Liabilities	4,520
Total	4,520

NOTE 9-Deferred Revenue

GAP has received Euro 39,525 as a part of the donor cash income that has not been spent in 2008.

These funds have been recognized as deferred donor revenue and deducted from the donor cash income.

NOTE 11 - Fund Balance

	Euro 2008
Fund balance as at the beginning of the year	
Unrestricted	0
Total of fund balance as at the beginning of the year	0
Total of surplus (deficit) for the year	0
-	
Rounder adjustment	
Fund balance as at the end of the year	
Unrestricted	0
Total of fund balance as at the end of the year	0

NOTE 12 – Donor Income

	2008 EUR
• Advocacy and Training Resource Center (ATRC)	7,824
• East West Management Institute (EWMI)	19,439
• The International Research and Exchange Board (IREX)	7,555
• Rockefeller Brothers Fund (RBF)	62,061
• UK Department for International Development (DFID)	65,611
• Tribal Helm Corporation Ltd.	8,780
• Corporate & Public Management Consulting Group Ltd.	35,183
• The Balkan Trust for Democracy (BTD)	14,985
• Index Kosova	4,400
• Balkan Investigative Reporting Network (BIRN)	461
• DFID (In Kind Contribution)	614
• Deferred Revenue	<u>(39,525)</u>
Total	<u>187,388</u>

NOTE 13 – GAP Expenses

GAP expenses for the years ended 31 December 2008 are composed as follows:

	2008 EUR
Salaries and benefits	89,763
Professional fees	33,143
Income Taxes & Contributions	36,613
Office supplies	1,490
Office maintenance	249
Printing costs	79
Subscriptions	1,071
Utilities	1,078
Communication Expenses	2,570
Rent & Rent tax	11,250
Representation cost	1,928
Travel expenses	1,385
Bank charges	435
Depreciation	2940
Other	<u>3,394</u>
Total	<u>187,388</u>