



INSTITUTE FOR ADVANCED STUDIES GAP

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

As at 31 December 2012

**FINANCIAL STATEMENTS
AND FOR THE YEAR ENDING 31
DECEMBER 2012**

Institute for Advanced Studies GAP

Mach 2013

INSTITUTE FOR ADVANCED STUDIES



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Independent Auditor's Report

To the Board of Directors of Institute for Advanced Studies GAP

We have audited the financial statements and supplementary financial data for consolidated financial statements of Institute for Advanced Studies GAP, expressed in EUR, for the period ended December 31, 2012, in accordance with the International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC).

FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

Institute for Advanced Studies GAP

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 (ISAs). These 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 Organisation, presented fairly, in all material aspects, the financial position of Institute for Advanced Studies GAP as of December 31, 2012, and the results of its operations in accordance with IAS and Kosovo Accounting Standards.

Bakir Zela

Senior Auditor

Baker Tilly Kosovo
22 March 2013



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Independent Auditor's Report

To the Board of Directors of Institute for Advanced Studies GAP

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, 2012. These financial statements and supplementary financial data are the responsibility of the project's management.

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, 2012 and the results of operations in accordance with IAS and Kosovo Accounting Standards.

Lulzim Zeka
Statutory Auditor

Baker Tilly Kosovo
22 March 2013 Prishtine

Institute for Advanced Studies GAP

BALANCE SHEET

As at 31 December 2012

	Note	2012 Euro	2011 Euro	2010 Euro	2009 Euro	2008 Euro
ASSETS						
Current Assets						
Cash and cash equivalents	5	63,371	13,423	39,740	27,467	22,252
Receivables	6	-	-	-	4,678	9,682
Prepayments		-	-	-	-	350
Non-current assets						
Fixed assets at Net Book Value	3	2,195	7,744	8,658	10,693	11,761
Intangible Assets at Net Book Value	3	11,052				
TOTAL ASSETS		76,618	21,167	48,398	42,838	44,045
LIABILITIES AND FUND BALANCES						
Current liabilities						
Liabilities	7	2,548	1,498	1,716	2,882	4,520
Deferred Revenue	8	<u>74,070</u>	<u>19,669</u>	<u>46,682</u>	<u>39,956</u>	<u>39,525</u>
Fund Balance		-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE		76,618	21,167	48,398	42,838	44,045

Institute for Advanced Studies GAP

INCOME STATEMENT

For the year ended 31 December 2012

	Note	2012 Euro	2011 Euro	2010 Euro	2009 Euro	2008 Euro
Contribution Income						
Donor funding	9	147,215	138,419	159,570	228,145	187,388
Total Contribution		147,215	138,419	159,570	228,145	187,388
Expenses						
Programs & Administrative	10	147,215	138,419	159,570	228,145	187,388
Total Expenses		147,215	138,419	159,570	228,145	187,388
Surplus(deficit) for the year		-	-	-	-	-

Agron Demi

Executive Director



Nora Latifi

Finance Director



Institute for Advanced Studies GAP

Cash Flow Statement

For the year ended 31 December 2012

	2012 Euro	2011 Euro	2010 Euro	2009 Euro	2008 Euro
Surplus (deficit) for the year	-	-	-	-	-
Operating Activities:					
Depreciation	16,936	2,690	3,017	3,408	2,940
Decrease/(increase) in receivables	-	-	4,678	5,005	(9,682)
Decrease/(increase) in prepayments	-	-	-	350	(350)
(Decrease)/increase in liabilities	1,050	(218)	(1,165)	(1,638)	4,520
(Decrease)/increase Def. Revenue	32,297	(27,013)	6,726	431	39,525
Net cash inflow (outflow) from operating activities	50,283	(24,541)	13,256	7,556	36,953
Investing activities:					
Payments for fixed assets	-335	(1,776)	(982)	(2,341)	(14,701)
Net Cash outflow from investing and financing activities	-335	(1,776)	(982)	(2,341)	(14,701)
Increase (Decrease) in cash and cash equivalents for year	49,948	(26,317)	12,274	5,215	22,252
Cash and cash equivalents at the beginning of year	13,423	39,740	27,466	22,252	-
Cash and cash equivalents at the end of year	63,371	13,423	39,740	27,467	22,252

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 legal purposes since it is a legal entity.

INSTITUTE FOR ADVANCED STUDIES GAP

Notes to the financial statements

For the year ended 31 December 2012

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 Kosovo Think Tank whose 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 Law No. 03/L-134 on Freedom of Associations in Non-Governmental Organizations.

GAP employed 11 full time staff and 2 part time staff at 31 December 2012

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.

INSTITUTE FOR ADVANCED STUDIES GAP

Notes to the financial statements

For the year ended 31 December 2012

2.3 Recognition of Contribution Income

GAP recognized revenue to the extent of the funds being expended on an accrual basis for approved budgetary amounts. It recognizes grants at the moment when it receives them as deferred revenue.

Funds expended during 2012 on an accruals basis generated contribution income from several Donor Contributions.

2.4 Expense Recognition

Expenses are recognized on an accrual 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.

Balance at 01/01/2012

Depreciation for the period

Adjustment for the period 2010-2012

Balance at 31/12/2012

Net Book Value at 31/12/2011

Net Book Value at 31/12/2012

INSTITUTE FOR ADVANCED STUDIES GAP

Notes to the financial statements

For the year ended 31 December 2012

NOTE 3.2 - Intangible assets

NOTE 3 - Noncurrent assets

NOTE 3.1 - Fixed assets

GAP uses straight line depreciation, where the cost of a fixed asset is spread in equal amounts over its estimated useful life. The rates of depreciation are as below:

	Rates
Computers	20%
Office equipment	20%
Other Equipment	20%
Balance at 31/12/2012	22,195
Amortization	2012
Balance at 01/01/2012	Euro
Cost	
Balance at 01/01/2012	13,451
Additions	335
Balance at 31/12/2012	13,786
Depreciation	
Balance at 01/01/2012	5,707
Depreciation for the period	2,757
Adjustment for the period 2010-2012	3,127
Balance at 31/12/2012	11,591
Net Book Value at 31/12/2011	7,744
Net Book Value at 31/12/2012	2,195

INSTITUTE FOR ADVANCED STUDIES GAP

Notes to the financial statements

For the year ended 31 December 2012

NOTE 3.2 - Intangible assets

GAP uses straight line amortization of intangible assets, where the cost of an asset is spread in equal amounts over its estimated useful life. The rates of amortization are as below:

	2011		2012	2011	
	Euro		Euro	Euro	
Software			50%		
Cost					
Balance at 01/01/2012	62,734		-	62,734	
Additions	637		22,103	6,277	
Balance at 31/12/2012	63,371		22,103	68,811	
Amortization					
Balance at 01/01/2012			-		
Amortization for the period			11,052		
Balance at 31/12/2012			11,052		
Net Book Value at 31/12/2012			11,052		
Liabilities					
Balance at 01/01/2012	2,348		1,493	2,348	
Amortization for the period			1,716		
Balance at 31/12/2012	2,348		3,209	4,530	
Total					
Balance at 01/01/2012	62,734		-	62,734	
Additions	637		22,103	22,740	
Balance at 31/12/2012	63,371		22,103	85,474	
Amortization			11,052		
Balance at 31/12/2012			11,052		
Net Book Value at 31/12/2012			11,052		

INSTITUTE FOR ADVANCED STUDIES GAP

Notes to the financial statements

For the year ended 31 December 2012

NOTE 4 - TAXATION ISSUE

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

NOTE 5 - CASH AND CASH EQUIVALENTS

	2012 Euro	2011 Euro	2010 Euro	2009 Euro	2008 Euro
Cash held with PCB	62,734	13,154	39,505	27,272	22,197
Petty cash	637	269	235	195	55
Total cash and cash equivalents	63,371	13,423	39,740	27,467	22,252

NOTE 7 - LIABILITIES

	2012 Euro	2011 Euro	2010 Euro	2009 Euro	2008 Euro
Liabilities	2,548	1,498	1,716	2,882	4,520
Total	2,548	1,498	1,716	2,882	4,520

NOTE 8 - DEFERRED REVENUE

GAP has received Euro 74,070 as a part of the donor cash income that has not been spent in 2012.

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

Donors	2012	2011	2010	2009	2008
	Euro	Euro	Euro	Euro	Euro
Corporate & Public Management Consulting Group Ltd	-	-	5,314	53,190	25,143
Friedrich Ebert Stiftung (FES)	-	7,269	5,705	3,460	-
Institute for Sustainable Communities (ISC)	-	3,337	20,645	-	-
National Endowment for Democracy (NED)	19,517	35,357	24,309	28,372	-
Open Society Institute (OSI)	20,341	35,120	37,764	36,596	-
Rockefeller Brothers Fund (RBF)	79,094	41,431	45,025	43,500	42,061
The Kelton Trust for Democracy (WTD)	19,162	-	24,271	-	14,985
The International Research and Exchange Board (IREB)	2,246	4,331	2,073	3,894	7,333
UK Department for International Development (DfID)	-	-	-	18,199	46,711
USAID	-	-	-	8,270	-
British Embassy	32,736	-	-	-	-
Other	8,329	-	896	1,000	41,516
Deferred Revenue 2008	-	-	-	39,325	-39,325
Deferred Revenue 2009	-	-	39,936	-39,936	-
Deferred Revenue 2010	-	46,192	46,482	-	-
Deferred Revenue 2011	19,669	-19,669	-	-	-
Deferred Revenue 2012	74,070	-	-	-	-
Return of funds to NED	629	-3,735	1,314	-	-
Total	147,219	128,416	179,569	226,144	190,365

INSTITUTE FOR ADVANCED STUDIES GAP

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 9 - DONOR INCOME

Donors	2012	2011	2010	2009	2008
	Euro	Euro	Euro	Euro	Euro
Corporate & Public Management Consulting Group Ltd.	-	-	5,314	83,194	35,183
Friedrich Ebert Stiftung (FES)	-	7,269	3,200	3,460	-
Institute for Sustainable Communities (ISC)	-	3,657	20,645	-	-
National Endowment for Democracy (NED)	39,817	21,952	24,409	28,372	-
Open Society Institute (OSI)	20,541	35,120	37,764	36,686	-
Rockefeller Brothers Fund (RBF)	79,084	41,831	45,035	43,500	62,061
The Balkan Trust for Democracy (BTD)	19,162	-	28,271	-	14,985
The International Research and Exchange Board (IREX)	2,248	4,331	2,073	3,896	7,555
UK Department for International Development (DFID)	-	-	-	18,199	65,611
USAID	-	-	-	8,270	-
British Embassy	32,758	-	-	-	-
Other	8,379	-	898	3,000	41,518
Deferred Revenue 2008	-	-	-	39,525	-39,525
Deferred Revenue 2009	-	-	39,956	-39,956	-
Deferred Revenue 2010	-	46,682	-46,682	-	-
Deferred Revenue 2011	19,669	-19,669	-	-	-
Deferred Revenue 2012	-74,070	-	-	-	-
Return of funds to NED	-373	-2,755	-1,314	-	-
Total	147,215	138,418	159,569	228,146	187,388

INSTITUTE FOR ADVANCED STUDIES GAP

Notes to the financial statements

For the year ended 31 December 2012

NOTE 10 – GAP EXPENSES

GAP expenses for the years ended 31 December 2012 are composed as follows:

	2012	2011	2010	2009	2008
	Euro	Euro	Euro	Euro	Euro
Salaries and benefits	77,684	76,265	94,242	103,263	89,763
Professional fees	4,555	8,716	6,200	61,077	33,143
Income Taxes & Contributions	15,393	15,328	19,141	33,102	36,613
Office supplies	1,473	1,820	1,819	1,854	1,490
Office maintenance	1,076	144	155	92	249
Printing costs	1,884	3,242	6,881	1,045	79
Subscriptions	1,105	1,326	1,363	1,291	1,071
Utilities	1,848	1,259	1,671	1,051	1,078
Communication Expenses	1,515	1,166	4,323	2,438	2,570
Rent & Rent tax	9,670	13,830	14,769	10,641	11,250
Representation cost	-	-	-	1,474	1,928
Travel expenses	7,338	1,207	622	2,573	1,385
Bank charges	514	456	466	363	435
Project meeting expenses	742	1,246	-	-	-
Translation services	1,265	6,140	310	-	-
Depreciation	5,884	2,690	3,017	3,408	2,940
Amortization	11,052	-	-	-	-
Auditing expense	1,300	1,300	1,740	-	-
Other	2,917	2,284	2,851	4,470	3,394
Total	147,215	138,419	159,570	228,142	187,388

INSTITUTE FOR ADVANCED STUDIES GAP

Notes to the financial statements

For the year ended 31 December 2012

APPENDIX 1

Equipment list

Asset name	Amount	Net Value 2012
5 Dell computers and 1 Dell printer	4,108	-
3 Fujitsu Siemens computers	2,838	-
Projector Dell	999	-
TV Samsung	310	-
Fax HP	156	-
Copy machine Konica Minolta	1,231	-
Assets handover-from DFID on Nov.2007	614	-
Air Conditioner ASW-H12A4/EJ	220	-
Vacuum Cleaner Samsung SC4945	56	-
Diktafon Olympus	197	-
Telefon fiks Panasonic	44	-
11 Office chairs	662	-
Invertor Tripp Lite	778	-
Electric Cable	93	-
Wireless Router	50	-
2 batteries 200 AH	596	-
6 working tables and 2 dollape	817	-
2 monitors Fujitsu Siemens,2wireless network cards,1speaker Logitech	482	-
3 Radiators	120	-
Kitchen Equipment	76	-
Aparat per uje 25kg	110	-
3 Wireless Desktop Adapters	85	-
4 table lamps	60	-
2008		
PC computer (extra configuration)	952	190
Inverter Tripp Lite (with Battery)	980	196
2 computer tables	362	72
Kettle Tefal	32	6
Electric Cable Extension	15	3
2009		
Sofa DL	295	118
Coffe table	70	28
Chair	55	22
Heating with ventilator (2 pieces)	49	20
Portable phone	38	15

Equipment list (continued)

3 working tables	300	120
Air Conditioner ASW-H12A4/EV	175	70
2010		
HP Lap Top	725	435
Heater 3.5 KW	330	198
kitchen water boiler	59	35
Professional Photo Camera	662	397
2011		
Dell Printer 2350dn Laser Printer XL	335	268
2012		
Total		2,195