

# **INSTITUTE FOR ADVANCED STUDIES - GAP**

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

At and for the year ended 31 December 2022

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## **INDEPENDENT AUDITORS REPORT**

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

### **Opinion**

We have audited financial statements of "Institute for Advanced Studies GAP" (the Organization), which comprises the statement of financial position as at 31 December 2022, and the income statement, statement of changes in fund balance and cash flow statement for the years then ended, and notes to 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, 2022 and its financial performance and its cash flows for the year then ended in accordance with the basis of preparation as described in Note 2 and the requirements of Law No. 06/L-043 On Freedom of Association in Non-Governmental Organizations.

### **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 the ethical requirements that are relevant to our audit of the financial statements in Kosovo, and we 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 of the financial statements in accordance with the financial reporting requirements and for such controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as going concern, disclosing, as applicable, matters relating 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 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 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 skepticism throughout 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 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 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 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.

Lulzim Krasniqi  
Statutory Auditor

Quatra Audit Int. LLC  
Prishtina, Kosovo

15 March 2023



**INSTITUTE FOR ADVANCED STUDIES - GAP****STATEMENT OF FINANCIAL POSITION**

As at 31 December 2022

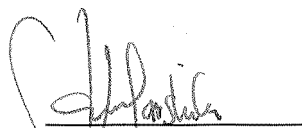
*(all amounts are in Euro unless otherwise stated)*

	Notes	Asat December 31, 2022	Asat December 31, 2021
<b>ASSETS</b>			
<b>I. Current Assets</b>			
Cash on hand and at banks	5	266,033	210,710
Accounts Receivable	6	32,301	-
<b>Total current assets</b>		<b>298,334</b>	<b>210,710</b>
<b>II. Non-current assets</b>			
Office equipment	4	5,093	4,594
<b>Total non - current assets</b>		<b>5,093</b>	<b>4,594</b>
<b>TOTAL ASSETS</b>		<b>303,427</b>	<b>215,304</b>
<b>LIABILITIES AND FUND'S BALANCE</b>			
<b>III. Fund's balance</b>			
Opening Balance			-
Net surplus			-
<b>Total fund's balance (III)</b>			-
<b>IV. Current Liabilities</b>			
Accrued and other payables	6	4,238	4,040
Deferred Revenue	7	299,189	211,264
<b>Total current liabilities (IV)</b>		<b>303,427</b>	<b>215,304</b>
<b>TOTAL LIABILITIES AND FUND'S BALANCE (III + IV)</b>		<b>303,427</b>	<b>215,304</b>

These financial statements were authorized for issue by the Executive Board on March 2, 2023 and signed on their behalf by:



**Blendi Hasa**  
Executive Director



**Nita Tafarshiku**  
Finance Manager

**INSTITUTE FOR ADVANCED STUDIES - GAP****STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2022

*(all amounts are in Euro unless otherwise stated)*

	<i>Notes</i>	<b>For the year ended December 31, 2022</b>	<b>For the year ended December 31, 2021</b>
<b>I. Donations</b>			
Income from donations	8	268,531	249,506
<b>Total (I)</b>		<b>268,531</b>	<b>249,506</b>
<b>II. Expenses</b>			
Salaries Expenses	9	(164,464)	(173,036)
Program and administrative expenses	10	(101,080)	(71,303)
Depreciation expenses	4	(2,987)	(5,167)
<b>Total (II)</b>		<b>(268,531)</b>	<b>(249,506)</b>
<b>Operating surplus (I-II)</b>		<b>-</b>	<b>-</b>

## INSTITUTE FOR ADVANCED STUDIES GAP

### STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

(all amounts are in Euro unless otherwise stated)

	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020
<b>Net profit for the year before income tax</b>			
<i>Adjustments for:</i>			
Depreciation	4	2,987	5,167
<b><i>Changes in working capital</i></b>			
(Increase) in trade receivables		(32,301)	27,645
Increase in trade and other payables	6	198	(439)
Increase in deferred revenues	7	120,226	(86,222)
<b>Net cash flow used in operating activities</b>		<b>91,110</b>	<b>(53,849)</b>
<b>INVESTING ACTIVITIES</b>			
Additions in fixed assets		(3,486)	(1,100)
<b>Net cash used in investing activities</b>		<b>(3,486)</b>	<b>(1,100)</b>
<b>FINANCING ACTIVITIES</b>		-	-
<b>Net cash used in financing activities</b>		-	-
Net increase in cash and cash equivalents during the year		<b>87,624</b>	<b>(54,949)</b>
Cash and cash equivalents, beginning of the year	5	210,710	265,659
<b>Cash and cash equivalents, end of the year</b>	<b>5</b>	<b>298,334</b>	<b>210,710</b>

## **INSTITUTE FOR ADVANCED STUDIES GAP**

### **NOTES TO FINANCIAL STATEMENTS**

For the year ended 31 December 2022

*(all amounts are in Euro unless otherwise stated)*

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

### **1. Organization**

*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. Basis for presentation**

The financial statements have been prepared in accordance with the requirements of Law no. 06/L-043 on Freedom of Association in Non-Governmental Organizations for the purpose of reporting to the NGO Regulatory Office.

Revenues from grants are recognized when earned rather than when received and expenses are recognized when incurred rather than when paid.

In addition, deferred grant liability, accrued and other payables are recorded under the accrual basis of accounting. The significant accounting policies are described below.



## **INSTITUTE FOR ADVANCED STUDIES GAP**

### **NOTES TO FINANCIAL STATEMENTS**

For the year ended 31 December 2022

*(all amounts are in Euro unless otherwise stated)*

### **3. Summary of significant accounting policies**

#### **3.1 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.

#### **3.2 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.

#### **3.3 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.

#### **3.4 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.

#### **3.5 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.

#### **3.6 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 FINANCIAL STATEMENTS**  
For the year ended 31 December 2022  
*(all amounts are in Euro unless otherwise stated)*

**4. Office Equipment**

	Office equipment	Total
<i>Cost</i>		
<b>Balance as of December 31, 2020</b>	<b>41,836</b>	<b>41,836</b>
Additions	1,100	1,100
Write offs	(31,487)	(31,487)
<b>Balance as of December 31, 2021</b>	<b>11,449</b>	<b>11,449</b>
Additions	3,486	3,486
Write offs	-	-
<b>Balance as of December 31, 2022</b>	<b>14,935</b>	<b>14,935</b>
<i>Accumulated depreciation</i>		
<b>Balance as of December 31, 2020</b>	<b>(33,175)</b>	<b>(33,175)</b>
Charge for the period	(5,167)	(5,167)
Write offs	31,487	31,487
<b>Balance as of December 31, 2021</b>	<b>(6,855)</b>	<b>(6,855)</b>
Charge for the period	(2,987)	(2,987)
Write offs	-	-
<b>Balance as of December 31, 2022</b>	<b>(9,842)</b>	<b>(9,842)</b>
<b>Net book value as of December 31, 2021</b>	<b>4,594</b>	<b>4,594</b>
<b>Net book value as of December 31, 2022</b>	<b>5,093</b>	<b>5,093</b>

**5. Cash and cash equivalents**

The following amounts comprise the balance as of 31 December 2022 and 2021

	Asat December 31, 2022	Asat December 31, 2021
TEB Euro	265,644	210,533
TEB USD	77	77
Cash on hand	312	101
<b>Total</b>	<b>266,033</b>	<b>210,710</b>

**6. Accounts receivable**

The following amounts comprise the balance as of 31 December 2022 and 2021:

	Asat December 31, 2022	Asat December 31, 2021
GLPS – (British Embassy project)	32,301	-
<b>Total</b>	<b>32,301</b>	<b>-</b>

**INSTITUTE FOR ADVANCED STUDIES GAP****NOTES TO FINANCIAL STATEMENTS**

For the year ended 31 December 2022

*(all amounts are in Euro unless otherwise stated)***7. Accounts Payable**

The following amounts comprise the balance as of 31 December 2022 and 2021:

	<b>As at December 31, 2022</b>	<b>As at December 31, 2021</b>
Accounts payable	1,346	1,410
Withholding tax payable	2,783	2,522
Tax on rent	109	109
<b>Total</b>	<b>4,238</b>	<b>4,040</b>

**8. Deferred Revenues**

Deferred revenues are revenues received but not yet recognized through income statement.

	<b>As at December 31, 2022</b>	<b>As at December 31, 2021</b>
Deferred revenues	299,189	211,264
<b>Total</b>	<b>299,189</b>	<b>211,264</b>

**9. Income from Donations**

	<b>For the year ended December 31, 2022</b>	<b>For the year ended December 31, 2021</b>
SIDA	82,423	85,700
Rockefeller Brothers Fund	35,957	39,829
OSIFE	-	8,292
National Endowment for Democracy	30,979	41,662
The Kosovo Global (EU Project) *	31,338	33,506
Main/Other	7,332	9,451
UNDP	31,053	31,067
CDF	3,918	
British Embassy	45,532	
<b>Total</b>	<b>268,531</b>	<b>249,506</b>

**INSTITUTE FOR ADVANCED STUDIES GAP****NOTES TO FINANCIAL STATEMENTS**

For the year ended 31 December 2022

*(all amounts are in Euro unless otherwise stated)***10. Salaries Expenses**

The salary expenses for 2022 is worth 164,465 Euros (2021: 173,036 Euros). The organization has withheld payroll tax and paid pension contributions based on LAW NO. 05/L -028 on Personal Income Tax.

**11. Program and administrative expenses**

	<b>For the year ended December 31, 2022</b>	<b>For the year ended December 31, 2021</b>
Rent & Rent Tax	14,505	14,505
Design costs	9,374	10,382
Professional fees	1,495	2,516
Media/Advertising	14,511	1,398
Office & Website Maintenance	6,726	6,767
Roundtables	6,550	4,017
Travel expenses	12,147	3,623
Translation services	4,031	4,332
Printing costs	3,139	1,730
Utilities	589	547
Communication expenses	1,875	2,004
Office Supplies	2,197	1,564
Bank charges	814	354
Project meeting services	1,802	1,064
Research Services	9,088	8,941
Training expenses	8,112	-
Other	4,126	7,560
<b>Total</b>	<b>101,080</b>	<b>71,303</b>

**12. Contingent liabilities and commitments*****Operating lease commitments:***

<b>As at 31 December</b>	<b>2022</b>	<b>2021</b>
Payable within one year	4,835	4,835
Payable more than one year and less than five years	-	4,835

**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.