

INSTITUTE FOR ADVANCED STUDIES - GAP

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

At and for the year ended 31 December 2020

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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 2020, 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, 2020 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

17 March 2021



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

As at 31 December 2020

(all amounts are in Euro unless otherwise stated)

		As at December 31, 2020	As at December 31, 2019
	Notes		
ASSETS			
I. Current Assets			
Cash on hand and at banks	5	265,659	185,392
Accounts Receivable	6	27,645	-
Total current assets		293,304	185,392
II. Non-current assets			
Office equipment	4	8,661	13,007
Total non - current assets		8,661	13,007
TOTAL ASSETS		301,965	198,399
LIABILITIES AND FUND'S BALANCE			
III. Fund's balance			
Opening Balance		-	-
Net surplus		-	-
Total fund's balance (III)		-	-
IV. Current Liabilities			
Accrued and other payables	7	4,479	4,279
Deferred Revenue	8	297,486	194,119
Total current liabilities (IV)		301,965	198,399
TOTAL LIABILITIES AND FUND'S BALANCE (III + IV)		301,965	198,399

These financial statements were authorized for issue by the Executive Board on March 2, 2021 and signed on their behalf by:



Nora Latifi Jashari
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 2020

(all amounts are in Euro unless otherwise stated)

	<i>Notes</i>	For the year ended December 31, 2020	For the year ended December 31, 2019
I. Donations			
Income from donations	9	277,824	268,882
Total (I)		277,824	268,882
II. Expenses			
Salaries Expenses	10	(194,091)	(192,170)
Program and administrative expenses	11	(78,786)	(70,565)
Depreciation expenses	4	(4,947)	(6,146)
Total (II)		(277,824)	(268,882)
Operating surplus (I-II)		-	-

INSTITUTE FOR ADVANCED STUDIES GAP**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2020

(all amounts are in Euro unless otherwise stated)

		For the year ended December 31, 2020	For the year ended December 31, 2019
Net profit for the year before income tax	<i>Notes</i>	-	-
<i>Adjustments for:</i>			
Depreciation	4	4,947	6,146
Changes in working capital			
(Increase) in trade receivables	6	(27,645)	-
Increase in trade and other payables	7	200	(1,468)
Increase in deferred revenues	8	103,366	26,456
		80,868	31,135
Income tax paid		-	-
Net cash flow used in operating activities		80,868	31,135
INVESTING ACTIVITIES			
Additions in fixed assets		(601)	(7,021)
Net cash used in investing activities		(601)	(7,021)
FINANCING ACTIVITIES			
Net cash used in financing activities		-	-
Net increase in cash and cash equivalents during the year		80,267	24,114
Cash and cash equivalents, beginning of the year	5	185,392	161,278
Cash and cash equivalents, end of the year	5	265,659	185,392

INSTITUTE FOR ADVANCED STUDIES GAP

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2020

(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 2020

(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 2020

(all amounts are in Euro unless otherwise stated)

4. Office Equipment

	Office equipment	Total
<i>Cost</i>		
Balance as of December 31, 2018	34,214	34,214
Additions	7,021	7,021
Write offs	-	-
Balance as of December 31, 2019	41,235	41,235
Additions	601	601
Write offs	-	-
Balance as of December 31, 2020	41,836	41,836
<i>Accumulated depreciation</i>		
Balance as of December 31, 2018	(22,082)	(22,082)
Charge for the period	(6,146)	(6,146)
Write offs	-	-
Balance as of December 31, 2019	(28,228)	(28,228)
Charge for the period	(4,947)	(4,947)
Write offs	-	-
Balance as of December 31, 2020	(33,175)	(33,175)
Net book value as of December 31, 2019	13,007	13,007
Net book value as of December 31, 2020	8,661	8,661

5. Cash and cash equivalents

The following amounts comprise the balance as of 31 December 2020 and 2019

	As at December 31, 2020	As at December 31, 2019
TEB Euro	265,354	185,116
TEB USD	77	77
Cash on hand	227	199
Total	265,659	185,392

6. Accounts receivable

The following amounts comprise the balance as of 31 December 2020 and 2019:

	As at December 31, 2020	As at December 31, 2019
The Kosovo Glocal (Kosovo 2.0.)	27,645	-
Total	27,645	-

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

For the year ended 31 December 2020

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

The following amounts comprise the balance as of 31 December 2020 and 2019:

	As at December 31, 2020	As at December 31, 2019
Accrued expenses	1,493	1,344
Withholding tax payable	2,877	2,826
Tax on rent	109	109
Total	4,479	4,279

8. Deferred Revenues

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

	As at December 31, 2020	As at December 31, 2019
Deferred revenues	297,486	194,119
Total	297,486	194,119

9. Income from Donations

	For the year ended December 31, 2020	For the year ended December 31, 2019
SIDA	86,174	98,350
Rockefeller Brothers Fund	39,490	36,122
OSIFE	36,281	47,532
National Endowment for Democracy	33,729	38,178
The Kosovo Glocal (EU Project) *	27,645	-
KFOS	21,140	-
US Embassy	15,701	3,235
Main/Other	6,302	6,482
MATRA	5,771	13,298
UNDP	5,591	25,685
Total	277,824	268,882

* Income from donations for the year ending December 31, 2020 includes an accrual income from the project "Innovation for resilient media and citizen engagement". This project is funded by the European Commission, while it is being implemented in cooperation with The Kosovo Glocal (Kosovo 2.0.) which is the leader of this Consortium. For the period ending as of 31 December 2020, the Organization had incurred expenditures in the amount of 27,645 Euros for which it reported to the Consortium Partner, The Kosovo Glocal (Kosovo 2.0.) and expects to receive these funds during 2021.

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

For the year ended 31 December 2020

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

	For the year ended December 31, 2020	For the year ended December 31, 2019
Salaries and benefits	161,264	159,606
Income Taxes & Contributions	32,826	32,565
Total	194,091	192,170

11. Program and administrative expenses

	For the year ended December 31, 2020	For the year ended December 31, 2019
Rent & Rent Tax	14,505	14,505
Design costs	8,630	3,162
Professional fees	7,380	4,461
Advertising	3,267	1,040
Office & Website Maintenance	7,125	7,002
Roundtables	6,553	4,166
Travel expenses	5,352	12,748
Translation services	4,453	1,536
Printing costs	1,808	4,031
Utilities	850	1,582
Communication expenses	1,586	1,638
Office Supplies	1,116	1,737
Bank charges	961	548
Project meeting services	533	625
Survey	8,520	5,250
Other	6,146	6,533
Total	78,786	70,565

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

As at 31 December	2020	2019
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.