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FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

INSTITUTE FOR ADVANCED STUDIES GAP

For the year ended 31 December 2015

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Independent Auditor's Report

The Board of Directors of Institute for Advanced Studies (IAS)

We have audited the accompanying financial statements of Institute for Advanced Studies (IAS) for the period ended 31 December 2017, consisting of the income statement, balance sheet, cash flow statement and notes to financial statements, which have been prepared by management in accordance with the IASB's International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Management's Responsibility for the Financial Report

Management is responsible for the preparation of financial statements in accordance with the IASB's International Accounting Standards (IAS) and for such internal control as management considers necessary to enable the preparation of financial reports that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). These standards require that we comply with ethical requirements and perform the audit in accordance with the standards issued by the International Auditing and Assurance Standards Board (IAASB).

In conducting our audit, we have followed the procedures set forth in the standards and standards in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements. Internal control system is the entity's preparation of the financial report in order to ensure the procedures and are appropriate to the circumstances. We did not find the presence of significant deficiencies in the effectiveness of the entity's internal control system. In order to ensure the reliability of the financial statements, we have evaluated the entity's internal control system and the effectiveness of accounting estimates made by management, as well as evaluating the entity's compliance with the financial reporting standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



BAKER TILLY KOSOVO

Bedri Pejani No.6
10 000 Prishtina, Kosovo

T: + 381 (0)38 226 942
F: + 381 (0)38 226 946

info@bakertillykoso.com
www.bakertillykoso.com

Independent Auditors' Report

24 March 2016

To: The Board of Directors of Institute for Advanced Studies GAP

We have audited the accompanying financial statements of Institute for Advanced Studies GAP in Prishtine, Kosovo ('organization'), for the year ended 31 December 2015 and a summary of significant accounting policies and other explanatory information. Financial statements have been prepared by management of Institute for Advanced Studies GAP based on the financial reporting requirements of the donor and relevant laws in Kosovo.

Management's Responsibility for the financial report

Management is responsible for the preparation of financial statements in accordance with the financial reporting requirements, and for such internal control as management determines is necessary to enable the preparation of financial report that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial considers internal control relevant to the entity's preparation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of Institute for Advanced Studies GAP, for the year ended 31 December 2015 are prepared, in all material respects, in accordance with the financial reporting requirement of donor and relevant laws in Kosovo.

Lulzim Zeka
Statutory Auditor

Baker Tilly Kosovo



BAKER TILLY
KOSOVO
Prishtinë

Institute for Advanced Studies GAP

Income Statement For the year ended 31 December 2015 (All amounts in Euro)

	Notes	2015	2014
Income			
Income from Donations	5	203,682	178,820
Total Income		203,682	178,820
Expenses			
Program and administrative expenses	6	203,682	178,820
Total Expenses		203,682	178,820
Net Surplus/(deficit)		-	-

The accompanying notes from 1 to 10 form an integral part of these financial statements

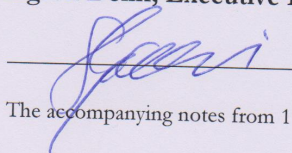
Institute for Advanced Studies GAP

Balance Sheet
As at 31 December 2015
(All amounts in Euro)

Assets	<i>Note</i>	2015	2014
Current assets			
Cash & cash equivalents	4	90,372	79,965
Receivables		-	-
Total current assets		90,372	79,965
Noncurrent assets			
Office Equipment	3	8,680	5,501
Total noncurrent assets		8,680	5,501
Total Assets		99,052	85,466
Liabilities			
Short term liabilities			
Accounts payable		3,962	2,534
Deferred Revenues	5	95,090	82,932
Other liabilities		-	-
Total short term liabilities		99,052	85,466
Total Liabilities		99,052	85,466
Equity			
Opening Balance		-	-
Net surplus/deficit		-	-
Total Equity		-	-
Total Liabilities and Equity		99,052	85,466

These financial statements have been approved and signed on behalf of the management on 17 March 2016 by

Agron Demi, Executive Director



The accompanying notes from 1 to 10 form an integral part of these financial statements

Institute for Advanced Studies GAP
Cash Flow Statement
For the year ended 31 December 2015
(All amounts in Euro)

	2015	2014
Cash flow from operating activities		
Net surplus/(deficit) for the year	-	-
<i>Changes in operating assets and liabilities</i>		
Depreciation	3,421	2,652
(Increase)/Decrease in receivables	-	-
(Increase)/Decrease in other advances	-	-
Increase/(Decrease) in payables	1,428	276
Increase/(Decrease) in deferred revenues	12,158	40,603
Net cash flow from operating activities	17,007	43,531
Cash flow from investing activities		
Additions in fixed assets	(6,600)	(6,242)
Net cash flow from investing activities	(6,600)	(6,242)
Net increase/(decrease)	10,407	37,289
Cash and cash equivalents at the beginning of the year	79,965	42,676
Cash and cash equivalent at the end of the year	90,372	79,965

INSTITUTE FOR ADVANCED STUDIES GAP
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

1. Introduction

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 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.

Main projects implemented during 2015:

- Who will benefit from public debt forgiveness?
- Economic and budgetary impact of fiscal reforms 2015
- Budget Analysis for Parliamentary Committees regarding the review of 2016 draft budget
- Advocating for a comprehensive and transparent budget process
- The series of reports on the state of local producers
- Use of electric energy for heating
- Public enterprises that provide services to citizens and businesses
- Economy of Cars in Kosovo
- The Reform of Public Administration in Kosovo – a proposal for decreasing the number of employees in public administration
- Cadre Fund – funding program for deficient specialists or for managerial positions”?
- Allocation of inspection responsibilities between the central and local level-the example of trade and sanitary inspectorate

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

For the year ended 31 December 2015

2. Statement of Significant Accounting Policies

A) General Accounting Principle

For the purposes of financial recording, Institute for Advanced Studies GAP uses the combined accrual and cash method of accounting for reporting the receipt and disbursement of funds. Under this method of reporting of financial transactions, Institute for Advanced Studies GAP records most of its transactions on a cash basis of accounting.

The financial statements have been prepared in accordance with the Kosovo Accounting Standards under historical cost convention as modified by the revaluation of financial assets and liabilities.

B) Summary of Accounting Policies

Reporting Currency

The Institute for Advanced Studies GAP accounting records are maintained in EURO and all financial statements are prepared and presented in EURO

Deferred Revenues

Deferred Revenues are that revenues/donation for which the cash has been collected by the organization, but have not been yet spent. Consequently this liability occurs when Institute for Advanced Studies GAP payment in advance for a project to be implemented in future.

Foreign currency transactions

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Foreign currency differences arising on retranslation are recognized in profit or loss.

Fixed assets

The Institute for Advanced Studies GAP policy is to capitalize assets and then depreciated over useful life.

Taxation

Institute for Advanced Studies GAP is a NGO whose received donations in the reporting year have been implemented into humanitarian purposes. According to law on Corporate Income Tax, NGO's whose total income was used for their public benefit purposes are tax exempted.

Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and bank balances.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the organization and the revenue can be reliably measured. Revenue is not recognized until the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Expenses

All expenses are recognized when incurred.

INSTITUTE FOR ADVANCED STUDIES GAP
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

(All amounts in Euro)

3. Noncurrent assets

3.1 Office equipment

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
Office equipment	20%

	Office equipment	Total
	EUR	EUR
Cost		
Balance at 01/01/2015	13,262	13,262
Additions	6,600	6,600
Write offs	(2,758)	(2,758)
Balance at 31/12/2015	17,104	17,104
Depreciation		
Accumulated Depreciation Balance at 01/01/2015	(7,760)	(7,760)
Depreciation for the period	(3,421)	(3,421)
Write offs	2,758	2,758
Balance at 31/12/2015	(8,423)	(8,423)
Net Book Value at 31/12/2015	8,681	8,681

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

For the year ended 31 December 2015

(All amounts in Euro)

4. Cash and cash equivalents

At 31 December	2015	2014
	Euro	Euro
Cash held with TEB Bank	64,031	76,965
Cash held with TEB Bank in USD	77	2,693
Cash held with ProCredit Bank	26,205	41
Petty cash	59	266
Total Cash accounts	90,372	79,965

5. Income from donations

For the year ended on 31 December	2015	2014
	Euro	Euro
European Commission - Group for Legal and Political Studies	19,511	23,700
National Endowment for Democracy (NED)	38,309	32,984
Open Society Institute (OSI)	23,660	39,275
Rockefeller Brothers Fund (RBF)	43,543	36,383
Open Society Foundations (OSF)	11,337	10,000
UNDP	22,052	19,642
BIRN	-	3,960
British Embassy	-	38,467
British Economic Development	17,337	-
The International Research and Exchange Board (IREX)	3,018	2,693
British Budget Analysis	18,237	-
British POC	11,430	-
Other	7,407	12,320
Deferred Revenue 2013	-	42,329
Deferred Revenue 2014	82,932	(82,932)
Deferred Revenue 2015	(95,091)	-
Total Income	203,682	178,820

GAP has received Euro 95,091 as a part of the donor cash income that has not been spent in 2015. These funds have been recognized as deferred donor revenue and deducted from the donor cash income.

INSTITUTE FOR ADVANCED STUDIES GAP
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

(All amounts in Euro)

6. Program and administrative expenses

The following project costs have been audited for the period 01 January – 31 December 2015:

For the year ended 31 December 2015	2015	2014
	Euro	Euro
Salaries and benefits	117,540	103,838
Professional fees	3,218	6,684
Income Taxes & Contributions	23,220	21,609
Office supplies	1,726	1,676
Office maintenance	99	50
Printing costs	3,726	2,026
Design costs	6,615	3,330
Subscriptions	892	911
Utilities	1,457	1,044
Communication Expenses	6,583	8,033
Rent & Rent tax	14,505	14,505
Travel expenses	9,139	4,280
Bank charges	236	276
Per Diems	2,830	500
Project meeting expenses	77	219
Roundtables	1,582	2,048
Translation services	2,666	2,784
Depreciation	3,421	2,652
Auditing expense	1,650	1,650
Advertising	1,240	303
Other	1,259	402
Total Expenses	203,682	178,820