

**INSTITUTE FOR ADVANCED STUDIES GAP**

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

**As at 31 December 2011**

**Mach 2012**

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, 2011. 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, 2011 and the results of operations in accordance with IAS and Kosovo Accounting Standards.

BU & Partners

Statutory Auditors  
21 March 2012





INSTITUTE FOR ADVANCED STUDIES



# FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2011

Institute for Advanced Studies GAP



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# Institute for Advanced Studies GAP

## BALANCE SHEET

As at 31 December 2011

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

**Institute for Advanced Studies GAP**

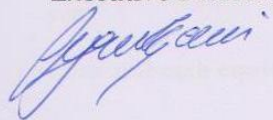
**INCOME STATEMENT**

For the year ended 31 December 2011

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

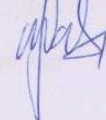
Agron Demi

Executive Director



Nora Latifi

Finance Director



# Institute for Advanced Studies GAP

## Cash Flow Statement

For the year ended 31 December 2011

	2011 Euro	2010 Euro	2009 Euro	2008 Euro
Surplus (deficit) for the year	-	-	-	-
Operating Activities:				
Depreciation	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	(218)	(1,165)	(1,638)	4,520
(Decrease)/increase Def. Revenue	(27,013)	6,726	431	39,525
Net cash inflow (outflow) from operating activities	(24,541)	13,256	7,556	36,953
Investing activities:				
Payments for fixed assets	(1,776)	(982)	(2,341)	(14,701)
Net Cash outflow from investing and financing activities	(1,776)	(982)	(2,341)	(14,701)
Increase (Decrease) in cash and cash equivalents for year	(26,317)	12,274	5,215	22,252
Cash and cash equivalents at the beginning of year	39,740	27,466	22,252	-
Cash and cash equivalents at the end of year	13,423	39,740	27,467	22,252



## INSTITUTE FOR ADVANCED STUDIES GAP

### Notes to the financial statements

For the year ended 31 December 2011

#### 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 staff at 31 December 2011

#### 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 2011

#### *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 2011 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.

# INSTITUTE FOR ADVANCED STUDIES GAP

Notes to the financial statements

For the year ended 31 December 2011

## NOTE 3 - 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%

	2011 Euro
<b>Cost</b>	
Balance at 01/01/2011	11,675
Additions	1,776
<b>Balance at 31/12/2011</b>	<b>13,451</b>
<b>Depreciation</b>	
Balance at 01/01/2011	3,017
Depreciation for the period	2690
<b>Balance at 31/12/2011</b>	<b>5,707</b>
<b>Net Book Value at 31/12/2010</b>	<b>8,658</b>
<b>Net Book Value at 31/12/2011</b>	<b>7,744</b>



# INSTITUTE FOR ADVANCED STUDIES GAP

## Notes to the financial statements

For the year ended 31 December 2011

### 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

	2011 Euro	2010 Euro	2009 Euro	2008 Euro
Cash held with PCB	13,154	39,505	27,272	22,197
Petty cash	269	235	195	55
<b>Total cash and cash equivalents</b>	<b>13,423</b>	<b>39,740</b>	<b>27,467</b>	<b>22,252</b>

### NOTE 6 – RECEIVABLES

	2011 Euro	2010 Euro	2009 Euro	2008 Euro
Receivables from Donors	-	-	4,678	9,682
CPM (Functional Review)	-	-	2,678	-
IREX	-	-	2,000	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4,678</b>	<b>9,682</b>

INSTITUTE FOR ADVANCED STUDIES GAP

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2011

NOTE 7 - LIABILITIES

	2011 Euro	2010 Euro	2009 Euro	2008 Euro
Liabilities	1,498	1,716	2,882	4,520
<b>Total</b>	<b>1,498</b>	<b>1,716</b>	<b>2,882</b>	<b>4,520</b>

NOTE 8 - DEFERRED REVENUE

GAP has received Euro 19,669 as a part of the donor cash income that has not been spent in 2011.

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 2011

NOTE 9 – DONOR INCOME

Donors	2011 Euro	2010 Euro	2009 Euro	2008 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)	21,952	24,409	28,372	-
Open Society Institute (OSI)	35,120	37,764	36,686	-
Rockefeller Brothers Fund (RBF)	41,831	45,035	43,500	62,061
The Balkan Trust for Democracy (BTD)	-	28,271	-	14,985
The International Research and Exchange Board (IREX)	4,331	2,073	3,896	7,555
UK Department for International Development (DFID)	-	-	18,199	65,611
USAID	-	-	8,270	-
Other	-	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)	-	-	-
Return of funds to NED	(2,755)	(1,314)	-	-
<b>Total</b>	<b>138,419</b>	<b>159,570</b>	<b>228,146</b>	<b>187,388</b>

INSTITUTE FOR ADVANCED STUDIES GAP

Notes to the financial statements

**For the year ended 31 December 2011**

NOTE 10 - GAP EXPENSES

GAP expenses for the years ended 31 December 2011 are composed as follows:

	2011	2010	2009	2008
	Euro	Euro	Euro	Euro
Salaries and benefits	76,265	94,242	103,263	89,763
Professional fees	8,716	6,200	61,077	33,143
Income Taxes & Contributions	15,328	19,141	33,102	36,613
Office supplies	1,820	1,819	1,854	1,490
Office maintenance	144	155	92	249
Printing costs	3,242	6,881	1,045	79
Subscriptions	1,326	1,363	1,291	1,071
Utilities	1,259	1,671	1,051	1,078
Communication Expenses	1,166	4,323	2,438	2,570
Rent & Rent tax	13,380	14,769	10,641	11,250
Representation cost	-	-	1,474	1,928
Travel expenses	1,207	622	2,573	1,385
Bank charges	456	466	363	435
Project meeting expenses	1,246	-	-	-
Translation services	6,140	310	-	-
Depreciation	2,690	3,017	3,408	2,940
Auditing expense	1,300	1,740	-	-
Other	2,284	2,851	4,470	3,394
<b>Total</b>	<b>138,419</b>	<b>159,570</b>	<b>228,142</b>	<b>187,388</b>



INSTITUTE FOR ADVANCED STUDIES GAP

Notes to the financial statements

**For the year ended 31 December 2011**

APPENDIX 1

Equipment list