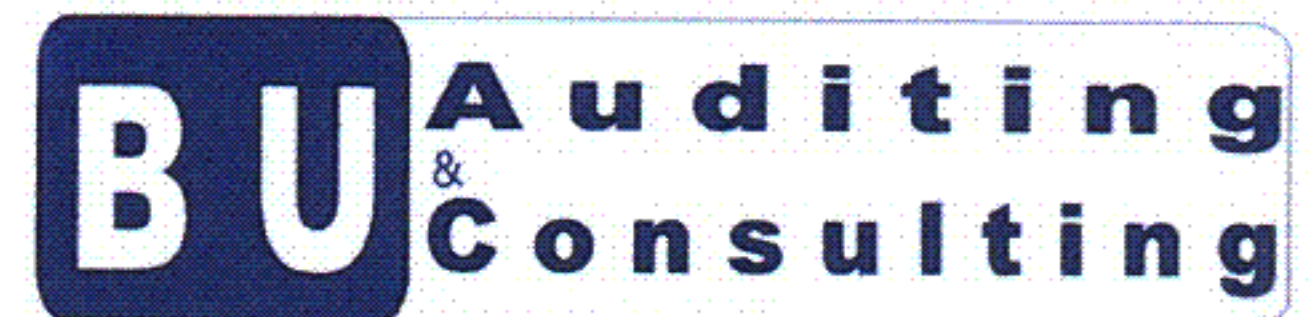


ADVOCACY TRAINING AND RESOURCE CENTER

**Financial Statements
Period ended 31 December 2006
With Independent Auditors Report Thereon**



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Licensed Auditor
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INDEPENDENT AUDITOR'S REPORT

October 19, 2007

To the ATRC Board of Directors

Rr. Agim Ramadani, 15 (2nd Floor)
Prishtina - Kosova

We have audited the financial statements and supplementary financial data of Advocacy Training and Resource Center (ATRC) expressed in EUR, for the period January – December 31, 2006. These financial statements and supplementary financial data are the responsibility of the organization's management. Our responsibility is to express an opinion on the aforementioned financial information based on our audit.

Our responsibility is to express an opinion on these financial statements 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.

In our opinion, the financial information present fairly, in all material respects, the financial position of ATRC as of 31 December 2006, and the results of operations for the period then ended in accordance with Kosovo Accounting Standards.

Bashkim Uka
Licensed Auditor



Advocacy Training and Resource Center – ATRC

Balance Sheet

For the year ended 31 December 2006
(in EURO)

Assets	Notes	Liabilities	Notes
Cash	1	42,893.16	Accounts Payable
Advances to grantees	2	<u>30,231.92</u>	Grants Payable
Accounts receivable		4,930.00	Deferred Revenue
Inventory			Mortgages and other Notes payable
Investments			Other liabilities
Securities			Total Liabilities
Other			0
Land, buildings, and equipment net	3	14,957.99	Fund Balance
Vehicles	3	9,541.93	
Other assets		1,739.13	Fund balance as of 1 January 2006
			4
			49,067.54
			Excess (from income statement)
			55,226.59
			Total Balance
			104,294.13
Total Assets		<u>104,294.13</u>	Total Liabilities and Fund Balance:
			<u>104,294.13</u>

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Advocacy Training and Resource Center – ATRC

Income Statement

For the period ended 31 December 2006
(in EURO)

<u>Revenue</u>	<u>Notes</u>		<u>Expenses</u>	<u>Notes</u>	
Contributions, gifts or grants	4	258,746.48	Program services	5	142,212.34
Fees and revenues from activities	4	11,829.26	Management and Administration		73,136.81
Dues			Other Expenses		
Dividends and interest					
Rents					
Other investment income			Total Expenses:		<u>215,349.15</u>
Sale of assets (less cost of sales)			Net Income from Operations:		<u>55,226.59</u>
Special event revenue					
Gross sales of inventory (less cost of goods sold)					
Other revenue					
			Taxes		
Total Revenue:		<u>270,575.74</u>	Net Income:		<u>55,226.59</u>

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NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Advocacy Training and Resource Center (ATRC) is registered as a non-governmental organization under the UNMIK Regulation 1999/22, number 5200095-5 since 11 June 2003.

ATRC is an advocacy center that promotes issues confronting Kosovo's development. ATRC administers specialized trainings to increase the capacity of NGOs and civil society to influence governing structures through democratic means. ATRC publishes advocacy-related periodicals, organizes meetings with government on pertinent issues. ATRC generates income from its resource center that is composed of training hall, training equipment and a library. ATRC is a member organization of several local and international networks.

In October, ATRC started to award and administer grant program of IREX Kosovo Civil Society Program (KCSP), funded by USAID, which fall into three categories: Partnership and Networking Grants, Grassroots Advocacy Grants, and Central-Level Advocacy Campaign Grants.

ATRC in 2006 was supported by the:
United States Agency for International Development (USAID)
International Research and Exchanges Board (IREX)
Balkan Trust for Democracy (BTD)
United Nations High Commissioner for Refugees (UNHCR)
Friedrich Ebert Stiftung Foundation (FES)
Kosovo Civil society Foundation (KFOS)

2. Basis of Preparation

a. Statement of compliance

The financial statements have been prepared in accordance with Kosovo Accounting Standards (KAS)

b. Basis of measurement

The financial statements have been prepared on the historical cost basis.

c. Functional and presentation currency

The financial statements are presented in Euro, which is the organization's functional currency

d. Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in period in which the estimate is revised and in any future periods affected.

3. Significant accounting policies

The accounting policies set below have been applied consistently to all periods presented in these financial statements.

a. Grant income

A grant is recognized in the income statements initially as income according to requirements of donors. When there is reasonable assurance that it will be received and the Organization will comply with the conditions attached to it. Grants that compensate the Organization for expenses incurred are recognized as revenue in the income statement on a systematic basis in the same period in which the expenses re incurred. Grants that compensate the Organization for the cost of an asset are recognized in the income statement as revenue on a systematic basis over the useful life of the asset.

b. Income tax expenses

The Advocacy Training and Resource Center was created as a non-profit organization and therefore according to the applicable laws in Kosovo, it is exempted from tax on profit.

Advocacy Training and Resource Center – ATRC
as at and for the period ended 31 December 2006

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

- (a) For the purposes of financial recording, ATRC uses modified cash method of accounting for reporting the receipt and disbursement of ATRC funds. Under this method of reporting of financial transactions, ATRC records the actual receipts and disbursements occurring in a given period. Departing from cash method, ATRC does not records purchase of fixed assets as expense but it depreciates fixed assets.

(b) **Summary of Accounting Policies**

The financial statements are presented in EUR, the functional currency within the Territory of Kosovo.

Receivables

Advances to employees, when permitted by donors are recorded in the Balance Sheet at amounts due. Claims from the insurance companies for the stolen equipment are shown at net value of assets.

Land, Building and equipment

Tangible fixed assets are shown at historical cost or valuation. Tangible assets are depreciated on the straight-line method over their estimated useful lives. The average estimated useful lives of assets are 5 years. Estimated useful life of the organization's vehicle is 6 years.

Cash and cash equivalents

Cash and cash equivalent comprises cash balances and call deposits.

Revenue

Revenue from renting out the resource center, training equipment and other related services are recognized in the income statement over the course of the activity. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the organization and the amount of the revenue can be measured reliably.

3. List of Documents Confirmed and Audited

- Internal Regulation
- Financial Statements
- Vouchers for the period January – December 2006
- Inventory and Asset List
- Bank Statements 2006
- Tax Files
- Rental Agreement
- Reports 2006
- Employee Follow Up
- Income Tax/ Pension Fund
- Personnel Files
- Reports from the Seminars and Workshops
- Grant agreements
- Grant approval procedures
- ATRC Contracts for:
 - i. Presenters
 - ii. Translators

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Advocacy Training and Resource Center – ATRC
as at and for the period ended 31 December 2006

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Advocacy Training and Resource Center – ATRC

Notes to the financial statements as at and for the period ended 31 December 2006

	In EUR
1. Cash and cash equivalents	
ATRC Prog. Income Bank Account	9,730.10
ATRC - Other Prog. Bank Account	14,235.76
Petty Cash – BTD Fund	307.90
ATRC – KCSP – Petty Cash	124.10
ATRC -KCSP Bank Account	16,628.18
ATRC – KCSP/Grants Bank Account	19.01
ATRC – UNHCR Bank Account	1,746.42
Petty Cash UNHCR	101.69
Total cash and cash equivalents	<u>42,893.16</u>

Cash and cash equivalents comprise cash balances of the Bank Accounts and Cash Boxes.

ATRC has three bank accounts in Procredit Bank in Prishtina. ATRC keeps receipts from IREX in separate bank account to that of self-generated revenues from resource center and rendering of training services.

As requested by donors, funds from donor grants for the activities prior to separation from IREX are kept in separate bank account.

2. Land, Building and Equipment

Assets	NBV at 1 January 2006	Acc. Depr. 1 January 2006	Additions during 2006	Depreciation	Acc. Depr. at 31 December 2006	NBV at 31 December 2006
Computer equipment	5,152.42	(3,313.21)	7,734.93	2,504.76	(5,817.97)	10,382.59
Office equipment	3,900.89	(6,484.58)	2,875.00	2,200.49	(8,685.07)	4,575.40
Vehicle	14,519.89	(16,177.52)	-	4,977.96	(21,155.48)	9,541.93
	23,573.20	(25,975.31)	10,609.93	9,683.21	(35,658.52)	24,499.92

3. Fund balance as of 31 December 2006

Opening Balance Equity	15,973.75
Retained Earnings	33,093.79
Excess for the period	55,226.59
Closing balance	<u>104,294.13</u>

4. Contributions, gifts or grants

IREX /KCSP Income	180,002.45
KCSP Grants	30,232.93
UNHCR Income	24,264.00
BTD Fund	19,985.00
FES	3,500.00
KFOS	762.10
Program Income	11,829.26
Total Income	<u>270,575.74</u>

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Advocacy Training and Resource Center – ATRC

Notes to the financial statements as at and for the period ended 31 December 2006

5. Expenses

UNHCR Expenses

Fuel	387.80
Bank Charges	13.00
Security Services	180.00
Non - UNHCR Salaries	17,674.80
Non - UNHCR Staff Allowances	758.56
Rental of Office Premises UNHCR	1,800.00
Utilities	87.42
Communication, Maintenance, Equip. UNHCR	540.00
Maintenance And operation Of T-	208.31
Main. Rep (equip. generator maintenance)	158.00
Other expenses, Office Supplies	608.00
Total UNHCR expenses	22,415.89

KCSP- IREX Program and administration expenses	% of Program	Program		Admin	Total
		Program	Admin		
Salaries	70%	67,058.59	28,739.40	95,797.99	
Travel	100%	3,278.30		3,278.30	
Office Rent	50%	9,900.00	9,900.00	19,800.00	
Trainings	100%	7,394.06		7,394.06	
Meetings & Conferences	100%	2,146.40		2,146.40	
Pension Contributions	70%	6,010.17	2,575.79	8,585.95	
Utilities	50%	1,857.16	1,857.16	3,714.32	
Communication	50%	2,221.77	2,221.77	4,443.54	
Office supplies	50%	1,572.47	1,572.47	3,144.94	
Advertising/Printing	100%	6,023.50		6,023.50	
Equip. Furn. Repair & Main.	0		3,934.75	3,934.75	
Vehicle expenses	59%	2,242.725	2,242.73	4,485.45	
Generator fuel and maintenance	0		393.90	393.90	
Bank Charges	0		241.00	241.00	
Non-Consumable Supplies	0		5,490.64	5,490.64	
Miscellaneous	0		1,784.00	1,784.00	
Audit	0		2,500.00	2,500.00	
Depreciation expense	0		9,683.21	9,683.21	
KCSP- IREX Total program and administration expenses		109,705.14	73,136.81	182,841.95	

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Advocacy Training and Resource Center – ATRC

Notes to the financial statements as at and for the period ended 31 December 2006

5. Expenses (continued)

FES Campaign expenses

Bank charges	15.00
Local - Labour	750.00
Meal Expenses	738.50
Ph.copy, Printing & Media Costs	887.90
Phone and Internet Expenses	70.00
Refreshments for Meetings	313.75
Supplies	371.85
Travel Expenses	351.00
Total FES Campaign	3,498.00

BTD Fund Expenses

Bank charges	60.96
Coordinator Salary	2,800.96
Meal Expenses	255.50
pension Contributions	273.45
Per Diem for ATRC STAF	10.00
Personal Income Tax	364.96
Phone and Internet Expenses	220.00
Printing & Media Cos	79.20
Trainer's Fee and per diems	259.81
Training Refreshments	242.80
Training Supplies	350.00
Travel Costs	406.57
Total BTD	5,324.21

Article 19/Media Project

Bank charges	7.00
Consultancy	500.00
Total Article 19/Media Project	507.00

KFOS

Hotel Accommodations	476.10
Supplies	216.00
Travel Costs	70.00
Total KFOS	762.10

Total expenses	215,349.15
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