

Advocacy Training and Resource Center

Financial Statements as at 31 December 2008
(with independent auditor's report thereon)

Advocacy Training and Resource Center

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Advocacy Training and Resource Centre

We have audited the accompanying financial statements of Advocacy Training and Resource Centre - ATRC, which comprise the balance sheet as at December 31, 2008, and the statement of revenue and expenditure, statement of changes in net assets and cash flow statement for the year then ended, and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Kosovo Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

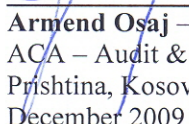
Auditor's Responsibility

Our responsibility is to express an opinion on these 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 whether the financial statements are 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 statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ATRC as of December 31, 2008 and the results of its operation for the year then ended in conformity with accounting principals generally accepted in Kosovo.


Armend Osaj – Licensed Auditor
ACA – Audit & Consulting Associates
Prishtina, Kosova
December 2009



Advocacy Training and Resource Center

Balance Sheet

As at 31 December

	Note	2008	2007
Assets			
Cash and cash equivalents	4	10,638	88,936
Advances to grantees	5	3,000	40,907
Total current assets		13,638	129,843
Property and equipment	6	21,730	25,656
Intangible assets	7	696	1,043
Total non-current assets		22,425	26,699
Total assets		36,063	156,542
Liabilities and fund balance			
Deferred revenue	8	1,977	100,538
Payables	9	296	1,773
Total current liabilities		2,273	102,311
Fund balance		33,790	54,231
Total liabilities and fund balance		36,063	156,542

The notes on pages 7 to 17 are an integral part of these financial statements.

The financial statements set out on pages 3 to 17 were authorized for issue by the management on 28 December 2008 and were signed on its behalf by:



Kushtrim Kaloshi
Executive Director



Gani Asllani
Finance Manger

Advocacy Training and Resource Center

Statement of income and expenses

For the year ended 31 December

	Note	2008	2007
Income from grants	10	401,680	751,324
Other income	11	35,359	57,412
Total income		437,039	808,736
Program expenses	12	(376,280)	(777,116)
Administrative expenses	13	(81,200)	(81,189)
Total expenses		(457,479)	(858,305)
Forex		-	(494)
Net (deficit)/surplus for the year		(20,441)	(50,063)

The notes on pages 7 to 17 are an integral part of these financial statements.

Advocacy Training and Resource Center

Statement of changes in fund balance

For the year ended 31 December 2008

	EUR
Balance at 1 January 2007	104,294
Deficit for the year	(50,063)
Balance at 31 December 2007	54,231
Balance at 1 January 2008	54,231
Deficit for the year	(20,441)
Balance at 31 December 2008	33,790

The notes on pages 7 to 17 are an integral part of these financial statements.

Advocacy Training and Resource Center

Statement of cash flows

For the year ended 31 December

	2008	2007
Cash flows from operating activities		
(Deficit)/surplus for the year	(20,441)	(50,063)
Adjustment for:		
Depreciation	9,987	11,631
Amortization	347	696
Change in advances	37,907	(5,744)
Change in payables	(1,477)	1,773
Change in deferred revenue	(98,561)	100,538
Net cash from operating activities	(72,238)	58,831
Cash flows from investing activities		
Acquisition of property and equipment	(6,060)	(12,788)
Net cash used in investing activities	(6,060)	(12,788)
Net increase in cash and cash equivalents	(78,298)	46,043
Cash and cash equivalents at 1 January	88,936	42,893
Cash and cash equivalents at 31 December	10,638	88,936

The notes on pages 7 to 17 are an integral part of these financial statements.

Advocacy Training and Resource Center

Notes to the financial statements as at 31 December

1. General

Advocacy Training and Resource Center (hereafter called the “Organization” or “ATRC”), a non-for-profit organization is established as a foundation, founded in accordance with Regulation No. 1999/22 of the United Nations Interim Administration Mission in Kosovo, number 5200095-5 since 11 June 2003.

The mission of Advocacy Training and Resource Center is to increase citizen and civil society participation in decision-making, as a prerequisite for a developed democratic society and regional stability. It is an advocacy center that promotes issues confronting Kosovo’s development. The Organization administers specialized trainings to increase the capacity of NGO-se and civil society to influence governing structures through democratic means. It 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 2006, the Organization started to award and administer grant program of IREX Kosovo Civil Society Program (KCSP), founded by USAID, which fall into three categories: Partnership and Networking Grants, Grassroots Advocacy Grants and Central-Level Advocacy Campaign Grants.

The Organization depends upon the financial and human resources provided by its supporters, in order to carry out its various programs and activities. The supporters are as follows:

United States Agency for International Development (USAID)
International Research and Exchanges Board (IREX)
British Office in Prishtina
Olof Palme International Center
Rockefeller Brothers Fund (RBF)
Academy for Educational Development (AED)
United Nations High Commissioner for Refugees (UNHCR)
United Nations Development Program (UNDP)
IPKO Institute (IPKO)

2. Basis of presentation and summary of significant accounting policies

a) Statement of compliance

The accompanying financial statements have been prepared in accordance with Kosovo Accounting Standards (“KAS”).

b) Functional and presentation currency

The financial statements are presented in Euro (“EUR”), the local currency in Kosovo. Revenues are received in EUR and in US Dollar (“USD”), expenditures are made only in EUR. The EUR is the Organization’s measurement currency as it reflects the economic substance of the underlying events and circumstances of the Organization.

Advocacy Training and Resource Center

Notes to the financial statements as at 31 December

2. Basis of presentation and summary of significant accounting policies

c) Advances to grantees

Advances to grantees are funds disbursed from the Organization to the grantees relating to projects yet to be implemented in 2009. Advances are measured at cost.

d) Fixed assets

Fixed assets are presented at their historical cost net of accumulated depreciation, which is calculated on a straight-line basis over their estimated useful lives. Annual depreciation rates are as follows:

	<i>In %</i>
Computer equipment	20
Office equipment	20
Vehicles	16.66

e) Liabilities

Liabilities are carried at cost.

f) Income

The donors' funds are recognized as deferred income when received. Subsequently, when the projects are implemented the funds are recognized as income.

g) Foreign currency transactions

Transactions in foreign currencies are translated into EUR at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to EUR at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the statement of activities. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction.

Advocacy Training and Resource Center

Notes to the financial statements as at 31 December

3. Taxation

The Organization has been established as a non-for-profit organization. Additionally, in accordance with the provisions of regulation number 2001/11 of UNMIK, all imports, inflows within the former Federal Republic of Yugoslavia or supplies funded from the proceeds of the grants made to UNMIK or the Administrative Departments of the Joint Interim Administration Structure by governments, government agencies, governmental or non-governmental organizations in support of humanitarian and reconstruction programs and projects in Kosovo are exempt from Value Added Tax ("VAT"). The activities of the Organization are exempt from VAT.

4. Cash and cash equivalents

Cash and cash equivalents are comprised as follows:

	31-Dec-08	31-Dec-07
Cash on hand	397	181
Cash at banks	10,241	88,755
Total cash and cash equivalents	10,638	88,936

The Organization maintains all of its bank accounts at Pro Credit Bank of Kosovo, which are separated in accounts as per donor.

5. Advances to grantees

Advances to grantees are comprised as follows:

	31-Dec-08	31-Dec-07
Advances to KCSP grantees	-	40,907
Other advances	3,000	-
Total advances to grantees	3,000	40,907

Advances to KCSP grantees for the year 2007 refer to advances given to 23 NGO-s (2006:10). Other advances refer to rent payments for first three months of 2009.

Advocacy Training and Resource Center

Notes to the financial statements as at 31 December

6. Property and equipment

Fixed assets of the Organization are composed of computers, office equipments and vehicles.

	Computers	Office equipment	Vehicles	Total
<i>Cost</i>				
At 1 January 2007	16,201	13,260	30,697	60,158
Additions	2,093	-	10,695	12,788
Disposals	-	-	-	-
At 31 December 2007	18,294	13,260	41,392	72,946
At 1 January 2008	18,294	13,260	41,392	72,946
Additions	2,543	3,518	-	6,060
Transfers	-	-	-	-
Disposals	-	-	-	-
At 31 December 2008	20,837	16,778	41,392	79,007
<i>Accumulated depreciation</i>				
At 1 January 2007	5,818	8,685	21,156	35,659
Depreciation charge for the year	2,982	2,143	6,506	11,631
Disposals	-	-	-	-
At 31 December 2007	8,800	10,828	27,662	47,290
At 1 January 2008	8,800	10,828	27,662	47,290
Depreciation charge for the year	3,448	1,139	5,400	9,987
Disposals	-	-	-	-
At 31 December 2008	12,248	11,967	33,062	57,277
<i>Carrying amount</i>				
At 1 January 2007	10,383	4,575	9,541	24,499
At 31 December 2007	9,494	2,432	13,730	25,656
At 1 January 2008	9,494	2,432	13,730	25,656
At 31 December 2008	8,589	4,811	8,330	21,730

Advocacy Training and Resource Center
Notes to the financial statements as at 31 December

7. Intangible assets

	Software	Total
<i>Cost</i>		
At 1 January 2007	1,739	1,739
Additions	-	-
At 31 December 2007	1,739	1,739
At 1 January 2008	1,739	1,739
Additions	-	-
At 31 December 2008	1,739	1,739
<i>Accumulated amortization</i>		
At 1 January 2007	-	-
Charge for the year	696	696
At 31 December 2007	696	696
At 1 January 2008	696	696
Charge for the year	347	347
At 31 December 2008	1,043	1,043
<i>Carrying amount</i>		
At 1 January 2007	1,739	1,739
At 31 December 2007	1,043	1,043
At 1 January 2008	1,043	1,043
At 31 December 2008	696	696

Advocacy Training and Resource Center

Notes to the financial statements as at 31 December

8. Deferred revenue

Deferred revenue as at 31 December 2008 represents the unspent funds donated in 2008 from the Organizations mentioned below. As per agreements between the ATRC and the donors the unspent funds in 2008 will be used during the year 2009 for program activities.

EUR	KCSP Income	KCSP Grant	British Liaison Office	Rockefeller Brothers Fund	BTD Funds	Total
Balance at 31 December 2007	11,645	16,271	28,000	44,622	-	100,538
Additions in 2008					15,816	15,816
Income recognized in 2008	(11,645)	(16,271)	(28,000)	(44,622)	(13,839)	(114,377)
Balance at 31 December 2008	-	-	-	-	1,977	1,977

9. Payables

Payables relate to the rent, maintenance and utilities expenses occurred in 2008, which were paid in 2009.

10. Income from grants

Income from grants for the years ended 31 December 2008 and 2007 are comprised as follows:

Grand income	2008	2007
KCSP	8,706	620,715
UNHCR	54,597	53,657
British Liaison Office	57,675	14,626
Olof Palme International Center	42,237	42,575
Rockefeller Brothers Fund	44,626	19,751
BTD Fund	13,839	-
Total	401,680	751,324

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Notes to the financial statements as at 31 December

11. Other income

Other income for the year ended 31 December 2008 represents the income generated by ATRC and the value of a car donated from the ARC Organization in Prishtina. Other income is comprised as follows:

	2008	2007
Program Income	1,717	2,710
AED	-	25,728
MBZHRDP	9,620	3,334
UNDP	10,718	15,236
CRS	-	2,404
Euclit	6,514	-
ODA e Avokateve	730	-
Contribution	6,061	8,000
Total	35,359	57,412

12. Program expenses

Program expenses are all expenses incurred by the Organization in implementing the projects financed by different donors. The Organization keeps records of expenses as per each donor respectively as per budget line approved by the donor. All of the funds received from the donors are used for program expenses except for the funds received from KCSP which are divided in program and administrative expenses.

Program Expenses	2008	2007
Grants	147,480	461,066
Personnel	83,824	173,720
Training	100,222	87,930
Rent, utilities and maintenance	30,507	32,417
Travel and vehicles	5,432	10,635
Publication and advertising	3,160	7,016
Supplies and postage	5,655	3,612
Computer and office expenses	-	720
Total program expenses	376,280	777,116

Advocacy Training and Resource Center

Notes to the financial statements as at 31 December

12. Program expenses (continued)

A breakdown of program expenses as per category and source of financing in 2008 can be detailed as follows:

Program Expenses 2008	KCSP	UNHCR	OPIC	British Office	BTD	UNDP	RFB	EUCLID	MBPZHR	Total
Grants	106,862						40,618			147,480
Personnel	29,029	44,733		7,682	456				1,924	83,824
Training	4,146		26,504	48,635	3,505	2,060	3,096	5,542	6,734	100,222
Rent, utilities and maintenance	6,013	7,621	11,510	3,839	1,524					30,506
Travel and vehicles	3,496	975							962	5,432
Publication and advertising	3,160									3,160
Supplies and postage		1,257	4,218	180						5,655
Total expenses	152,706	54,586	42,232	60,336	5,485	2,060	43,714	5,542	9,620	376,280

A breakdown of program expenses as per category and source of financing in 2007 can be detailed as follows:

Program Expenses 2007	KCSP	UNHCR	OPIC	British Office	BTD	UNDP	RFB	AED	CRS	MBPZHR	Total
Grants	461,066										461,066
Personnel	96,055	43,636	7,119	4,403		1,145	5,925	15,437			173,72
Training	14,373		31,401	9,005	13,500		13,826	5,146	343	336	87,930
Rent, utilities and maintenance	15,249	9,454	4,049	1,218	1,161			1,286			32,417
Travel and vehicles	6,776							3,859			10,635
Publication and advertising	7,016										7,016
Supplies and postage	2,292	1,320									3,612
Computer and office expenses		720									720
Total expenses	602,827	55,130	42,569	14,626	14,661	1,145	19,751	25,728	343	336	777,116

Advocacy Training and Resource Center

Notes to the financial statements as at 31 December

13. General and administrative expenses

General and administrative expenses are mainly financed by KCSP and the Organization.

	2008	2007
Personnel	48,103	43,188
Computer and office equipment	1,326	2,292
Supplies and postage	1,535	2,955
Rent, utilities and maintenance	12,680	17,023
Audit	7,000	2,900
Depreciation	10,335	12,326
Bank charges	220	305
Other expenses	-	200
Total	81,200	81,189

The number of employees of the Organization as at 31 December 2008 was 11.

14. Financial Instrument

(i) *Credit risk*

Financial instruments, which potentially subject the organization to concentrations of credit risk, consist primarily of receivables and advances given to NGO. The receivables and advances to NGO credit risk is controlled through approvals of receivables and budget expenditures that generate such receivables.

(ii) *Foreign currency risk*

The Organization is exposed to foreign currency risk as the funds except in EUR are received in USD also. Funds received in USD are translated in EUR, and are expensed only in EUR.

(iii) *Fair value*

The Organization has financial assets, which include receivables (advances to grantees) and cash and cash equivalents. The Organization has financial liabilities, which include payables and deferred revenue. The fair values of these financial instruments are not materially different from their stated value due to their short maturity and approximation of cash.

Trade and other receivables / payables

All group receivables / payables have a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Advocacy Training and Resource Center

Notes to the financial statements as at 31 December

14. Financial Instrument (continued)

(iv) *Interest rate risk*

The Organization's revenues and operating cash flows are substantially independent of changes in market interest rates. There are no interest-bearing borrowings.

(v) *Liquidity risk*

The following are the contractual maturities of financial liabilities excluding the impact of netting agreements:

	2008	2007
	Pay-down expected to be made in 1-12 months	Pay-down expected to be made in 1-12 months
	EUR	EUR
Payables	296	1,773
Total	296	1,773

15. Related parties

A related party is any party that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related parties include the main donor (IREX), Board members and the Organization's executive officers.

A summary of the related party transactions for 2008 and 31 December 2007 are as follows:

	2008	2007
<i>Transactions with main donor</i>		
Funds received from IREX (KCSP)	160,790	648,631
<i>Transactions with Board</i>		
Board members salary expenses	150	150
<i>Transactions with management</i>		
Executive director salary expenses	34,580	21,667
Finance manager salary expenses	14,554	16,632
Travel and accommodation cost	-	-

Executive directors' salary expense is higher due to 7,500.00 € paid to previous executive director as leave remuneration.

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Notes to the financial statements as at 31 December

16. Commitment and contingencies

There are no known commitments and contingency for the year ended 31 December 2008 (31 December 2007: Nil).

17. Events after the balance sheet date

Management is not aware of any events subsequent to the balance sheet date that may have an effect on or require disclosure in the Organization's financial statements as at 31 December 2008 (31 December 2007: Nil).