

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS REPORT

GROUP FOR LEGAL AND POLITICAL STUDIES
For the period JANUARY 2012 ~ DECEMBER 2012



**BAKER TILLY
KOSOVO**

Bedri Pejani No.3
10 000 Prishtina, Kosovo

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

info@bakertillykosovo.com
www.bakertillykosovo.com

Independent Auditors' Report

11 April 2013

To: The management of Group for Legal and Political Studies

We have audited the accompanying financial statements of Group for Legal and Political Studies, in Kosovo ('organization'), for the year ended 31 December 2012 and a summary of significant accounting policies and other explanatory information. Financial statements have been prepared by management of Group for Legal and Political Studies 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.

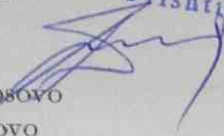
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of Group for Legal and Political Studies, for the year ended 31 December 2012 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
Prishtinë


Baker Tilly Kosovo
Prishtina Kosovo

Group for Legal and Political Studies

Income Statement
for the year ended 31 December 2012

Amounts in EUR

Amounts in EUR			(not audited)	
		Note	31-Dec-12	31-Dec-11
Income				
	Income from Donations	6	104,200	20,563
	Total Income		104,200	20,563
Expenses				
	Payroll expenses	7	74,850	16,404
	Activities and Publications	8	10,914	1,045
	Contract services	9	5,600	294
	Rent		4,578	1,909
	Utilities	10	1,963	318
	Travel expenses	11	1,581	-
	Office expenses	12	4,714	594
	Total Expenses		104,200	20,563
Net Surplus			-	-

Group for Legal and Political Studies

Balance Sheet
as at 31 December 2012

Amounts in EUR

		(not audited)	
		31-Dec-12	31-Dec-11
Assets	<i>Note</i>		
Current assets			
Cash & cash equivalents	3	41,775	38,226
Receivables from donors	4	2,872	16,910
Other Receivables		-	150
Total current assets		44,647	55,286
Noncurrent assets			
Office Equipment		-	-
Total noncurrent assets		-	-
Total Assets		44,647	55,286
Liabilities			
Short term liabilities			
Accounts Payable	5	1,251	386
Payroll liabilities		1,080	609
Tax on rent payable		32	32
Deferred Revenues	6	42,285	54,260
Total short term liabilities		44,647	55,286
Total Liabilities		44,647	55,286
Equity			
Opening Balance		-	-
Net surplus/deficit		-	-
Total Equity		-	-
Total Liabilities and Equity		44,647	55,286

These financial statements have been approved and signed on behalf of the management on 15 March 2013 by

Fisnik Korenica, Executive Director

Group for Legal and Political Studies

Cash Flow Statement
for the year ended 31 December 2012

Amounts in EUR

	(not audited)	
	2012	2011
	EUR	EUR
Cash flow from operating activities		
Net surplus/(deficit) for the year	-	-
<i>Changes in operating assets and liabilities</i>		
Depreciation	-	-
(Increase)/Decrease in receivables	14,188	(17,060)
(Increase)/Decrease in other advances	-	-
(Increase)/Decrease in prepayments	-	-
Increase/(Decrease) in payroll liabilities	1,337	(291)
Increase/(Decrease) in other liabilities	(11,975)	51,606
Net cash flow from operating activities	3,549	34,254
Cash flow from investing activities		
Additions in fixed assets	-	-
Net cash flow from investing activities	-	-
Net increase/(decrease)	3,549	34,254
Cash and cash equivalents at the beginning of the year	38,226	3,972
Cash and cash equivalent at the end of the year	41,775	38,226

Group for Legal and Political Studies

Notes to financial statements For the year ended 31 December 2012

1. Introduction

Group for Legal and Political Studies 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, with head office in Prishtina.

1.1 Background

Group for Legal and Political Studies is an independent, non-partisan and non-profit public policy organization based in Prishtina, Kosovo. Organization's mission is to conduct credible policy research in the fields of politics, law and economics and to push forward policy solutions that address the failures and/or tackle the problems in the said policy fields. Through advocating the policy solutions derived from the policy research, organization aims to support four fundamental policy developments:

- a. to support the democratization of the polity with regard to institutional and substantive policy reform;
- b. to strengthen the rule-of-law capacity and performance via informed policy solutions and practical advocating strategies;
- c. to enhance the economic growth and development by promoting market strategies that increase the rate of growth and stability, and
- d. to help improve regional cooperation and Kosovo's presence at the international level.

Group for Legal and Political Studies' donors for the year 2012 were:

- US Embassy in Kosovo
- Kosovo Foundation for Open Society
- Norwegian Embassy in Kosovo
- Royal Netherlands Embassy in Kosovo
- Kosovo Civil Society Foundation
- United Nations Development Program
- Rockefeller Brothers Fund
- German Council on Foreign Relations
- Foundation Open Society Institute: Think Tank Young Professional Development Program

Group for Legal and Political Studies

Notes to financial statements For the year ended 31 December 2012

2. Summary of significant accounting policies

2.1 Basis for presentation

For the purposes of financial recording, Group for Legal and Political Studies uses accrual method of accounting for reporting the receipt and disbursement of funds. Under this method of reporting of financial transactions, revenues and expenses are recognized when earned and occurred.

2.2 Functional currency

Group for Legal and Political Studies incurs transactions in Euros. All amounts reported in the financial report have been translated to EURO using published exchange rates in effect at date of transfers received.

2.3 Receivables

The receivable accounts of the organization are grant receivables from donors.

2.4 Accounts Payables

Utilities and project expenses payable have been disposed on the financial statements as accounts payable.

2.5 Deferred Income

Deferred Income is that income/donation for which the cash has been collected by the organization, but have yet to be earned. Consequently this liability occurs when Group for Legal and Political Studies receives payment in advance for a project to be implemented in future.

2.6 Income taxes

The organization is a non-governmental organization (NGO) whose received donations in the reporting year have been implemented for non-profit purposes. According to law Nr.03/L162 on Corporate Income Tax, NGO's whose total income was used for their nonprofit purposes are tax exempted.

Group for Legal and Political Studies

Notes to financial statements
For the year ended 31 December 2012

3. Cash

<i>Amounts in EUR</i>	(not audited)	
	2012	2011
TEB Bank account	41,770	31,770
NLB Bank account	-	6,302
Petty cash	5	153
Total	41,775	38,226

4. Accounts receivable

<i>Amounts in EUR</i>	(not audited)	
	2012	2011
Grant receivable from RNE	2,872	-
Grant receivable from DSP- SCO-K	-	16,910
Total	2,872	16,910

5. Accounts payable

<i>Amounts in EUR</i>	(not audited)	
	2012	2011
Workshop expenses	1,050	-
Utilities payable	201	56
Travel expenses	-	330
Total	1,251	386

Group for Legal and Political Studies

Notes to financial statements
For the year ended 31 December 2012

6. Deferred income/ Income

Amounts in EUR

Donor	Deferred income in 2011 (not audited)	Transferred in 2012	Expenses in 2012	Deferred income for the next period
DSP - SCO-K CSF: Grant no: DSP 09/2011	30,698	-	27,668	3,030
GLPS	545	-	57	488
KFOS: Grant no: 245/11	2,978	-	2,978	-
KFOS: Grant no: 406/11	8,732	-	8,732	-
Norwegian Embassy: Small Pot Fund	8,995	-	8,995	-
US Embassy: Grant no: S-KV-420-11- GR-082	2,313	-	2,313	-
Rockefeller Brothers Fund: Grant no: 12-139	-	31,532	13,136	18,396
FOSI: TTF Young Professional DP: Grant no: OR2012-01451	-	4,931	768	4,163
Royal Netherlands Embassy: Grant no: KAP/KOS-014/12	-	14,360	7,756	6,604
KFOS: Grant no: E 014/12	-	6,750	6,750	-
UNDP: grant signed on 25/05/2012	-	7,450	7,450	-
KFOS: Grant no: E 028/12	-	21,650	15,558	6,092
US Embassy: Grant no: S-KV-420-12- GR-076	-	4,652	1,625	3,027
German Council on Foreign Relations: Training	-	500	15	485
Kosovo Assembly	-	400	400	-
Total	54,260	92,225	104,200	42,285

Group for Legal and Political Studies

Notes to financial statements For the year ended 31 December 2012

7. Payroll expenses

<i>Amounts in EUR</i>		(not audited)
	2012	2011
Project managers	26,824	6,172
Project coordinators	5,601	1,910
Project assistants	7,402	1,205
Financial officer	3,682	494
Consultants	5,519	1,299
Proof reading service	500	-
Analysts	1,000	2,700
Research fellows	19,707	1,140
Translators	1,280	280
Media Relations Officer	3,154	1,055
Designer and editor	182	150
Total	74,850	16,404

8. Activities and Publications

<i>Amounts in EUR</i>		(not audited)
	2012	2011
Per Diem	935	330
Design	345	-
Workshop	1,050	197
Meetings	360	-
Debates	1,755	310
Conferences	1,388	-
Materials	1,956	163
Publications	1,490	-
Refreshment & Meals	1,635	45
Total	10,914	1,045

Group for Legal and Political Studies

Notes to financial statements
For the year ended 31 December 2012

9. Contract services

<i>Amounts in EUR</i>		(not audited)
	2012	2011
Software License	720	-
Editing	524	-
Translation expenses	2,706	194
Audit Expenses	1,650	100
Total Services	5,600	294

10. Utilities

<i>Amounts in EUR</i>		(not audited)
	2012	2011
Central heating	66	-
Cleaning	102	-
Water expenses	303	10
Electricity	178	59
Telephone expenses	1,120	109
Internet expenses	180	140
Office maintenance	15	-
Total Travel	1,963	318

11. Travel expenses

<i>Amounts in EUR</i>		(not audited)
	2012	2011
Travel - Kosovo	787	-
Travel - Outside Kosovo	794	-
Total	1,581	-

Group for Legal and Political Studies

Notes to financial statements
For the year ended 31 December 2012

12. Office expenses

<i>Amounts in EUR</i>		(not audited)
	2012	2011
Equipment - furniture	1,971	239
Office Supplies	1,125	216
Office Items	1,154	49
Web Services	200	-
Bank Charge - Fee	264	90
Total	4,714	594