



Albanian Helsinki Committee

Management Letter to the Audit Report 2008

In addition to the Audit Report 2008 we would like to draw your attention to the following points concerning the financial management of the Albanian Helsinki Committee:

Accounting System as Marketing Tool

The Albanian Helsinki Committee has a well-established accounting system. The bookings in the accounting software are split into cost centers and this allows combining Albanian financial reporting and project reporting. There is a clear link between the consolidated financial statements (balance sheet, income statement, cash flow statement) and the financial reports submitted to the Albanian Helsinki Committee's donors.

Many NGOs who work with different donors have difficulties in combining their local financial reporting with the reporting to donors. It is a typical feature for this kind of organisations that two completely different systems are used for local reporting and for donor reporting. Usually it is impossible to reconcile the financial reports prepared on the basis of the two systems. This makes accounting intransparent, prone to mistakes and causes a lot of additional work.

The Albanian Helsinki Committee is one of the rare examples for multi-donor organisations where this special problem is solved in a transparent and efficient way. The organisation could use its well-established accounting system also as a tool for marketing. The Albanian Helsinki Committee has a reliable financial system which ensures that project funds are spent according to the agreed purpose. This makes it attractive for potential donors.



Prudent Financial Management

The Albanian Helsinki Committee has existed for more than 18 years now. During this time the organisation has accumulated approx. EUR 90,000 of unrestricted funds. In 2008 the unrestricted funds were not touched for expenses and further increased by approx. EUR 4,000. The increase is due to expert fees earned by the organisation, bank interest, exchange rate profits and depreciation covered from project expenses.

As a result the organisation has solid financial reserves. This situation is exceptional for multi-donor organisations. The reserves ensure the organisation's sustainability. The Albanian Helsinki Committee could cope with unforeseen expenses or a reduction of project income even for a longer transition period. We recommend following this prudent financial policy and further building up unrestricted funds.

München, 28 July 2009



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