



KOSOVO LAW INSTITUTE
INSTITUTI I KOSOVES PER DREJTESI
KOSOVSKI INSTITUT PRAVDE

KOSOVO LAW INSTITUTE - KLI

Independent Auditor's Report and financial statements

for the year ended December 31, 2017

KOSOVO LAW INSTITUTE - KLI

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INDEPENDENT AUDITORS' REPORT

To the Management of Kosovo Law Institute - KLI

Opinion

We have audited the accompanying financial statements of Kosovo Law Institute - KLI, which comprise the statement of financial position as at December 31, 2017, and the statement of profit or loss, statement of changes in fund balances and statement of cash flow for the year then ended, and other explanatory notes.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kosovo Law Institute - KLI as of December 31, 2017, results of its operation and the cash flow for the years then ended in conformity with International Financial Reporting Standards.

Responsibilities of Management and those charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard and the internal controls that the management deems necessary to enable the preparation of financial statements without material misstatement due to fraud or error. For the financial statements preparation, management is responsible for assessing the company's ability to sustainability in the future, disclosing, as necessary, future sustainability issues and using the accounting continuity principle unless management intends to liquidate the Company or Interrupt the operation, or there is no other possible alternative than to do it. Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in total, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Audit & Consulting Associates
ACA – Audit & Consulting Associates
Prishtine, Kosovo
March, 2018

The logo consists of a circular seal with the text 'Audit & Consulting Associates - SH.P.K.' around the perimeter and 'PRISHTINE' at the bottom. In the center of the seal is a stylized 'ACA' monogram. The company name 'Audit & Consulting Associates' is written in a blue, cursive font across the seal, and the full name and address are printed in a standard black font below it.

KOSOVO LAW INSTITUTE - KLI
Balance Sheet
For the year ended December 31, 2017

	Notes	December 31, 2017 (in EUR)	December 31, 2016 (in EUR)
ASSETS			
Non-current assets			
Property and equipment		-	-
Total non-current assets		-	-
Current assets			
Accounts Receivable		-	-
Other Receivables		-	-
Cash and bank balances	3	50,667	19,785
Total current assets		50,667	19,785
TOTAL ASSETS		50,667	19,785
LIABILITIES AND RESERVES			
Current liabilities			
Liabilities toward donator		11,662	-
Accounts payable and accrued expenses	4	3,827	2,894
Deferred Revenue	5	35,178	16,890
Total current liabilities		50,667	19,785
Reserves			
Retained surplus		-	-
Net (deficit)/surplus for the year		-	-
Total reserves		-	-
TOTAL LIABILITIES AND RESERVES		50,667	19,785

The financial statements have been signed on March 15, 2018 by:

Betim Musliu
Executive Director

The accompanying notes from 1 to 12 form an integral part of these financial statements

KOSOVO LAW INSTITUTE - KLI
Statement of Revenue and expenditures
For the year ended December 31, 2017

		Year ended December 31, 2017 (in EUR)	Year ended December 31, 2016 (in EUR)
Income			
Grant Incomes	6	249,411	191,961
Total income		<u>249,411</u>	<u>191,961</u>
Expenditure			
Staff salaries and benefits	7	176,068	144,409
Production expense	8	25,179	18,136
Other Operating Expenses	9	48,165	29,416
Total expenditure		<u>249,411</u>	<u>191,961</u>
Excess of incomes over expenses		<u>-</u>	<u>-</u>

The accompanying notes from 1 to 12 form an integral part of these financial statements

KOSOVO LAW INSTITUTE - KLI
Statement of Changes in Net Assets
For the year ended December 31, 2017

	Retained surplus	Total Reserves
	(in EUR)	(in EUR)
Balance as at January 1, 2016	-	-
Net deficit/surplus for the year ended December 31, 2016	-	-
Balance as at December 31, 2016	<u>-</u>	<u>-</u>
Net deficit/surplus for the year ended December 31, 2017	-	-
Balance as at December 31, 2017	<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes from 1 to 12 form an integral part of these financial statements

KOSOVO LAW INSTITUTE - KLI
Statement of Cash Flows
For the year ended December 31, 2017

	Year ended December 31, 2017 (in EUR)	Year ended December 31, 2016 (in EUR)
Cash flows from operating activities		
(Deficit)/surplus for the period	-	-
Adjustment for:		
Depreciation	-	-
Change in receivables	-	-
Change in other receivables	-	-
Change in payables	932	2,894
Change in other current liabilities	29,950	8,688
Net cash from operating activities	<u>30,882</u>	<u>11,583</u>
Cash flows from investing activities		
Acquisition of property and equipment	-	-
Net cash used in investing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	30,882	11,583
Cash and cash equivalents at 1 January	19,785	8,202
Cash and cash equivalents at 31 December	<u><u>50,667</u></u>	<u><u>19,785</u></u>

The accompanying notes from 1 to 12 form an integral part of these financial statements

KOSOVO LAW INSTITUTE - KLI
Notes to the Financial Statements
For the year ended December 31, 2017

1. INTRODUCTION

Kosovo Law Institute (KLI) is a non-governmental public policy and non-profit, specialized factory of thoughts in the justice sector, established by renowned jurist in February 2009.

The mission of the Institute is to strengthen the rule of law in Kosovo and improving access to justice for citizens. KLI is governed by Assembly Members, Advisory Board and Executive Director. KLI intends to fulfill its mission through the development of independent research and analysis, and communication of such research to policymakers, government officials, international diplomats, civil society activists, and the academic community.

The Institute's staff has vast experience in various capacities in the justice sector in Kosovo, including the development of research, journalistic reporting, awareness and involvement in advocacy activities. This includes working closely with the Kosovo authorities to ensure the independence, impartiality and increase public confidence in the justice system.

The Institute conducts research, organizes events (tables / conferences) and included in ongoing advocacy in these areas:

- Judicial Reform
- Rule of Law
- Legislative Initiatives
- Enforcement of Laws
- Compatibility of National Legislation with EU standards and the UN
- Legal Education
- Media Education

KLI staff has experience in various capacities in the justice sector in Kosovo, including conducting researches, journal reports, increasing awareness and involvement in advocacy activities. This includes working closely with the authorities of Kosovo to ensure independence, impartiality and increase of public confidence in the justice system.

KOSOVO LAW INSTITUTE - KLI
Notes to the Financial Statements (continued)
For the year ended December 31, 2017

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Financial Statements are prepared for reporting purposes in accordance with applicable laws of Kosovo, and represent the entire picture of economic events that occurred in Kosovo Law Institute - KLI for the period 1st January 2017 till 31st December 2017.

Financial Statements are prepared on modified cash basis, based on which revenues and expenses are recognized at the time when either received or paid. The organization uses Quick Books for keeping its financial records and for financial statements preparation.

2.2 Currency of presentation

The reporting currency of Kosovo Law Institute - KLI is the European Union currency unit Euro ("EUR").

2.3 Significant accounting policies

A summary of the most significant accounting policies adopted in the preparation of the financial statements is presented below:

2.3.1 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are considered to be cash on hand and at banks and in operating accounts at banks with an original maturity of three months or less.

2.3.2 Revenue recognition

Revenues from grants are recognized as income on the period when received. At the end of the year the excess amount of revenues over expenses is treated as deferred revenue.

2.3.3 Expenses recognition

Expenses incurred for generation incomes are recognized in that period with the historical costs.

2.3.4 Taxation

The Kosovo Law Institute - KLI was established as a non-profit organization with beneficiary status under applicable laws and regulations in Kosovo, therefore is exempted from Corporate Taxation on excess of income from donations over expenses.

KOSOVO LAW INSTITUTE - KLI
Notes to the Financial Statements (continued)
For the year ended December 31, 2017

3. CASH AND BANK BALANCES

	December 31, 2017 (in EUR)	December 31, 2016 (in EUR)
Cash in hand	-	50
Cash at banks	50,667	19,735
Total Cash and Bank Balances	<u><u>50,667</u></u>	<u><u>19,785</u></u>

Kosovo Law Institute – KLI operates in EUR currency with six bank accounts opened in Banka per Biznes – BpB and one bank account that operates in USD which is used only for receiving USD cash inflow from donators.

4. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	December 31, 2017 (in EUR)	December 31, 2016 (in EUR)
Income tax	-	602
Pension contributions	-	966
Tax on rent	-	50
Payroll liability	453	-
IPKO - internet	-	50
HIB Petrol	-	323
Golden Taxi	-	503
Office Supplies	294	-
Kutia	3,080	-
Utilities - Electricity	-	373
Utilities - Water	-	28
Total accounts payable and accrued expenses	<u><u>3,827</u></u>	<u><u>2,894</u></u>

KOSOVO LAW INSTITUTE - KLI
Notes to the Financial Statements (continued)
For the year ended December 31, 2017

5. DEFERRED REVENUES

	December 31, 2017 (in EUR)	December 31, 2016 (in EUR)
Kosovo Radio Television - RTK	13,632	9,567
Kosovo democratic Institute - KDI	-	198
UNOPS	1,288	5,307
Week Against Corruption	11,598	-
NED	8,661	-
US Embassy	-	1,819
	-	-
Total Deferred Revenues	<u>35,178</u>	<u>16,890</u>

6. INCOME

	December 31, 2017 (in EUR)	December 31, 2016 (in EUR)
British Embassy - Anticorruption project I	41,291	38,488
British Embassy - Anticorruption project II	104,306	78,639
NCSC	49,809	-
Kosovo Radio television - RTK	29,567	24,125
US Embassy	1,819	21,750
UNOPS	5,307	43,000
Kosovo Democratic Institute - KDI	198	2,577
Institute V-Dem	-	273
NED	27,038	-
Week Against Corruption	18,574	-
US Embassy - Elections	6,681	-
Other Income	-	-
Deferred Revenues	(35,178)	(16,890)
Total Incomes	<u>249,411</u>	<u>191,961</u>

KOSOVO LAW INSTITUTE - KLI
Notes to the Financial Statements (continued)
For the year ended December 31, 2017

7. SALARIES AND BENEFITS

	December 31, 2017 (in EUR)	December 31, 2016 (in EUR)
Gross salaries	167,869	137,571
Pension Contribution	8,199	6,838
Total salaries and benefits	<u>176,068</u>	<u>144,409</u>

8. PRODUCTION EXPENSE

NGO Kosovo Law Institute – KLI runs once a week in Kosovo Radio Television – RTK TV programme “Oath for Justice”. For that purpose organization has contracted company “Anymate” for doing the productions of the programme in order the programme to be ready for TV broadcast.

	December 31, 2017 (in EUR)	December 31, 2016 (in EUR)
Production Expense	25,179	18,136
Total Production Expense	<u>25,179</u>	<u>18,136</u>

9. OTHER OPERATING EXPENSES

	December 31, 2017 (in EUR)	December 31, 2016 (in EUR)
Web site expenses	6,549	1,080
Roundtables and Conferences	9,750	3,369
Rent	6,452	6,105
Audit expenses	490	500
Local travel	8,957	8,534
Communication expenses (phone, internet)	4,430	3,320
Utilities (electricity, water, waste)	2,124	1,118
Office equipment	3,650	2,478
"Quick Books" purchase	-	496
Office Supplies and other	5,764	2,417
Total Other Operating expenses	<u>48,165</u>	<u>29,416</u>

KOSOVO LAW INSTITUTE - KLI
Notes to the Financial Statements
For the year ended December 31, 2017

10. PROFIT AND LOSS BY DONORS

	British Embassy - Anticorruption I	British Embassy - Anticorruption II	NCSC	US Embassy	UNOPS	KDI	RTK	NED	Week against Corruption	US Embassy - Elections	Total
Income	41,291	104,306	49,809	-	-	-	20,000	27,038	18,574	6,681	267,698
Deferred income from previous year	-	-	-	1,819	5,307	198	9,567	-	-	-	16,890
Deferred income	-	-	-	-	(1,288)	-	(13,632)	(8,661)	(11,598)	-	(35,178)
Total income	41,291	104,306	49,809	1,819	4,019	198	15,935	18,378	6,976	6,681	249,411
Expenditure											
Staff salaries and benefits	29,715	76,555	40,370	-	1,464	-	4,567	15,352	2,343	5,701	176,067
Production expense	5,000	8,171	3,700	-	-	-	7,300	1,008	-	-	25,179
Web site expenses	300	6,137	112	-	-	-	-	-	-	-	6,549
Roundtables and Conferences	1,919	861	1,444	-	-	-	-	294	4,552	980	9,750
Rent	1,650	2,200	1,502	-	-	-	1,100	-	-	-	6,452
Audit expenses	-	-	-	-	490	-	-	-	-	-	490
Local travel	1,419	5,769	1,216	-	-	-	219	335	-	-	8,957
Communication expenses (phone, internet)	700	-	-	-	-	-	-	-	-	-	-
Utilities (electricity, water, waste)	379	2,445	935	-	-	-	-	350	-	-	4,430
Office equipment	-	302	124	-	-	-	1,068	250	-	-	2,124
Office Supplies and other	208	1,866	707	1,620	2,030	-	-	-	-	-	3,650
				199	35	198	1,681	789	81	-	5,764
Total Expenditure	41,291	104,306	49,809	1,819	4,019	198	15,935	18,378	6,976	6,681	249,411
Exceed of income over Expenses	-	-	-	-	-	-	-	-	-	-	-

11. RELATED PARTY DISCLOSURE

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

12. RISK MANAGEMENT

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Kosovo Law Institute - KLI is exposed to credit risk in respect of Grant receivable from its Donors.

Interest rate risk

The Kosovo Law Institute - KLI currently is not exposed to the interest rate risk.

Foreign exchange risk

The Kosovo Law Institute - KLI is exposed to foreign exchange risk as transactions are undertaken both in local and foreign currency. Management monitors, sets limits and constantly communicates with donors such as British Embassy and US Embassy, on the level of such exposure by currency and in total.

Liquidity risk

Liquidity risk is defined as the risk when the maturity of assets and liabilities does not match. The Kosovo Law Institute - KLI is committed monitor its liquidity on a periodic basis in order to manage its obligations as and when they shall become due.