

Independent Auditor's Report and Financial Statements for 2012

To the Assembly Members of NGO "Kosovo Law
Institute - KLI"

Pristina, June 2014

Independent Auditor's Report and Financial Statements to the NGO "Kosovo Law
Institute - KLI" for the period that ends on December 31, 2012.

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THE DATA ON AUDITED COMPANY

KOSOVO LAW INSTITUTE

"Kosovo Law Institute" is Non-Governmental and Non-Profit Organization managed by

Executive Director:

Genc Nimoni

NF: 600423975

No. Registration as an NGO: 5112193-7

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About the Organisation:

Kosovo Law Institute (hereinafter KLI) is non-governmental organisation and non-profit of public policy, and specialised in the justice sector, founded on February, 2009.

The founders of the Organisation:

KLI was founded by:

1. Adelina Sokoli – Pallaska;
2. Kujtim Kërveshi, and
3. Behlul Zeka.

Assembly of KLI:

1. Behlul Zeka;
2. Kujtim Kërveshi;
3. Betim Musliu;
4. Xheladin Bytyqi;
5. Adem Krasniqi;
6. Erëleta Popaj;
7. Ekrem Fazliu;
8. Kujtim Pillana and
9. Qëndresa Ismajli.

The Mission of the Organisation

KLI's mission is to strengthen the rule of law in Kosovo and to improve the access of citizens in justice. KLI is headed by Members of Assembly, the Advisory Board and Executive Director. KLI aims to fulfill its mission through independent researches, analysis and communication of these researches to the policymakers, state officials, international diplomats, civil society activists, and the academic community.

THE DATA ON AUDITING COMPANY

REX-KONTO LLC

REX-Konto LLC was founded to offer audit, accounting and consulting services. The company has two partners Remzi Llugiqi and Xhevat Seferi.

REX-Konto LLC vision and mission is to offer services to clients and develop the accounting and auditing in Kosovo.

The Audit Team

Fitim Haliti – Auditor

Xhevat Seferi



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INDEPENDENT AUDITOR'S REPORT

About the management of KLI

We have audited the financial statements of KLI which contain: Balance Sheets dated 31.12.2012, Incomes Statement for the period 2012 and supplementary data and explanatory materials.

Management's Responsibility on Financial Statements

The management of KLI is responsible for the preparation and fair presentation of these financial statements, in accordance with the International Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control which is important for the preparation and fair presentation of these financial statements which have no material mistakes as a result of fraud or error; selecting and applying appropriate accounting policies and accounting assessment which is reasonable for the circumstances.

Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements, bases on our audit. We have conducted our audit in accordance with the International Standards on Auditing. These standards require from us to be in accordance with ethical requirements, to plan and to perform the audit in order to have reasonable assurance that the financial statements have no material errors.

Auditing includes conducting of procedures to assure audit evidence for the amounts and information presented in the financial statemetns. The selected procedures depend on the auditor's judgement, including the assessment of the risk on materiall mistakes in the financial statements, caused by fraud or error. In assessing risk, the auditor considers the internal control as relevant for the preparation and fair presentation of financial statements, in order to model appropriate audit procedures for the circumstances, but not for the purpose of expressing and opinion on the effectiveness of entity's internal control.

Auditing includes assessment of used accounting policies and reasonable assessments of accounting made by the Management, as well as general assessment of financial statements presentation.

We believe that the obtained evidences, are sufficient and appropriate to offer a basis for our audit opinion.

Audit Opinion

In our opinion, the financial statements mentioned above, in all material aspects, the financial position of KLI as well as the results of its activities and cash flows for the year ended on December 31, 2012 in accordance with international accounting principles generally accepted.

Date:

The Auditor:



Financial Statements for the fiscal period that ends on 31.12.2012

Kosovo Law Institute**Financial Statement**

Financial Statement of Kosovo Law Institute-KLI, are: Financial reports statement of incomes and outcomes, and Disclosures and General accounting Policies.

STATEMENT OF FINANCIAL INCOMES AND OUTCOMES

For the period from January 1 to December 31 –2012

Statement of financial performance 2012		
I. Initial Phase 01.01.2012	Notes	10,484.16
1 Cash in the box office		0
2 Cash at bank		10,484.16
II. Financial Incomes		25,530.39
1 National Democratic Institute NDI		3,800.00
2 Forum for Civil Initiatives FIQ		1,500.00
3 Kosovo Foundation for Open Society KFOS		9,720.00
4 Friedrich-Ebert-Stiftung FES		4,500.00
5 Individual contributions		6,010.39
III. Gross Financial Incomes (I-II)		36,014.55
Operating and Business expenses		
1 Salaries and wages of employees		21,731.06
2 Rental expenses		3,000.00
3 Other expenses of activities	1	10,357.80
IV Expenses of activities in total		35,088.86
V. The final phase on 31.12.2013 (III - IV)		925.69

Authorized by:

Genc Nimoni

Executive Director

Compiled by:

Xheladin Bytyqi

Head of Finance

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DISCLOSURES AND ACCOUNTING POLICIES

BACKGROUND AND OPERATIONAL INFORMATION OF KLI

KLI develops its activity since June 2009 and is registered as a Non-governmental under the Ministry of Public Administration.

The organization's headquarters is in Pristina.

The main activity of KLI is: increasing the level of transparency, respecting human rights, participation of stakeholders in the legislative processes as an international and European known practice.

KLI has the foundation Statute, and internal guidelines under which performs daily activities and internal controls.

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

KLI conducts researches, organizes events (roundtables/conferences) and is continuously involved in advocacy in these areas:

- Judicial Reform
- Rule of Law
- Legislative initiatives
- Enforcement of laws
- Compatibility of national legislation with EU and UN standards
- Legal Education

BASIS OF PREPARATION AND ACCOUNTING GENERAL POLICIES

ACCOUNTING POLICIES

The financial statements are prepared in accordance with International Accounting Standards approved by the Board on Financial Reporting Standards. Reports have been prepared under the historical cost.

These financial statements have been prepared according the accrual accounting oriented by NAS modified with accounting on Cash basis for the recognition of material long-term assets, amortization related with the non-profitable activity of KLI, which are known as expenses made related with certain projects.

Statements are prepared by respecting the entirety material, in accordance with the conditions and management terms of grants donated by donors, as well as in understanding with the instructions and advices of contractual terms with each donor separately.

The organisation compiles the summary of expenditures according to the budget lines of project approved for each project by preparing a statement of expenses

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incurred (Financial Report) in implementation of the reporting periods signed in grant
contract.

In general, these rules and procedures considering the specification of the first
paragraph of the accounting policies are oriented by the National Standards and
International Accounting Standards.

EXPLANATORY NOTES

REPORTING CURRENCY

The currency of books and records was in Euro ("EUR"). In accordance with the
legislation of the European Economic and Monetary Union and Guidelines issued by
the Central Bank of the Republic of Kosovo ("CBK"), Euro was adopted in Kosovo as
legal currency on January 1, 2002.

PRINCIPLE OF CONTINUITY

In 2012, the organization has achieved a positive performance during its activity and
has managed to profit other fundings for the following year. In our opinion, the
Organization is able to continue further its operations.

DEPRECIATION AND / OR AMORTIZATION

Currently KLI does not possess assets for more than a year, so there are no reports for
this position.

PETTY CASH AND ITS EQUIVALENTS

Petty cash and its equivalents consist of cash in the box office and cash in the bank.
The status of cash on December 31, 2012 was 925.69€.

INCOMES

KLI's incomes are from its services and from donations and contributions. They are
recognized based on the principle of the current revenue recognition. Revenues are
recognized upon billing. KLI Incomes for 2012 have reached a value of 25,530.39€.

OUTCOMES

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KLI expenses are for wages and salaries: 21,731.06€, from the rental payment: 3,000€ and operational expenses 10,357.80€. They are recognized based on the current principle for recognition of expenses, which are recognized upon billing.

Note 1. Operating expenses

Operating expenses according to type in 2012		
Nr	Description	Value
1	Expenses of conferences	4,210.87
2	Expenses of publication	2,403.40
3	Expenses of internet	144.66
4	Expenses of auditing	1,000.00
5	Expenses of use of space	538.00
6	Expenses of water	90.36
7	Expenses of electricity	57.81
8	Expenses of the office	884.56
9	Expenses of telephone	5.21
10	Expenses of bank	24.90
11	Other expenses	998.03
Total		10,357.80