



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, 2016

KOSOVO LAW INSTITUTE - KLI

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for the year ended December 31, 2016

TABLE OF CONTENTS

PAGE

AUDITORS' REPORT

BALANCE SHEET

1

STATEMENT OF REVENUE AND EXPENDITURE

2

STATEMENT OF CHANGES IN NET ASSETS

3

STATEMENT OF CASH FLOWS

4

NOTES TO THE FINANCIAL STATEMENTS

5 - 10



INDEPENDENT AUDITORS' REPORT

To the Management of Kosovo Law Institute - KLI

We have audited the accompanying financial statements of Kosovo Law Institute - KLI, which comprise the balance sheet as at December 31, 2016, 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 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.

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 Kosovo Law Institute – KLI as of December 31, 2016 and the results of its operation for the year then ended in conformity with accounting principals generally accepted in Kosovo.

Armand Osaj – Statutory Auditor
ACA – Audit & Consulting Associates
Prishtine, Kosovo
February 2017



KOSOVO LAW INSTITUTE - KLI

Balance Sheet

For the year ended December 31, 2016

	Notes	December 31, 2016 (in EUR)	December 31, 2015 (in EUR)
ASSETS			
Non-current assets			
Property and equipment		-	-
Total non-current assets		-	-
Current assets			
Accounts Receivable		-	-
Other Receivables		-	-
Cash and bank balances	3	19,785	8,202
Total current assets		19,785	8,202
TOTAL ASSETS		19,785	8,202
LIABILITIES AND RESERVES			
Current liabilities			
Accounts payable and accrued expenses	4	2,894	-
Deferred Revenue	5	16,890	8,202
Total current liabilities		19,785	8,202
Reserves			
Retained surplus		-	-
Net (deficit)/surplus for the year		-	-
Total reserves		-	-
TOTAL LIABILITIES AND RESERVES		19,785	8,202

The financial statements have been signed on February 20, 2017 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, 2016

		Year ended December 31, 2016 (in EUR)	Year ended December 31, 2015 (in EUR)
	Notes		
Income			
Grant Incomes	6	191,961	111,840
Total income		<u>191,961</u>	<u>111,840</u>
Expenditure			
Staff salaries and benefits	7	144,409	72,190
Production expense	8	18,136	21,769
Other Operating Expenses	9	29,416	17,881
Total expenditure		<u>191,961</u>	<u>111,840</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, 2016

	Retained surplus (in EUR)	Total Reserves (in EUR)
	Retained surplus (in EUR)	Total Reserves (in EUR)
Balance as at January 1, 2015	-	-
Net deficit/surplus for the year ended December 31, 2015	-	-
Balance as at December 31, 2015	-	-
Net deficit/surplus for the year ended December 31, 2016	-	-
Balance as at December 31, 2016	-	-

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, 2016

	Year ended December 31, 2016 (in EUR)	Year ended December 31, 2015 (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	2,894	-
Change in other current liabilities	8,688	(387)
Net cash from operating activities	11,583	(387)
Cash flows from investing activities		
Acquisition of property and equipment	-	-
Net cash used in investing activities	-	-
Net increase in cash and cash equivalents	11,583	(387)
Cash and cash equivalents at 1 January	8,202	8,589
Cash and cash equivalents at 31 December	19,785	8,202

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

1. INTRODUCTION

Kosovo Law Institute (KLI) is an 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 stuff 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, 2016

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 2016 till 31st December 2016.

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 revenues generated and profits earned.

KOSOVO LAW INSTITUTE - KLI
Notes to the Financial Statements (continued)
For the year ended December 31, 2016

3. CASH AND BANK BALANCES

	December 31, 2016 (in EUR)	December 31, 2015 (in EUR)
Cash in hand	50	-
Cash at banks	19,735	8,202
Total Cash and Bank Balances	19,785	8,202

Kosovo Law Institute – KLI operates in EUR currency with five bank accounts opened in Banka per Biznes – BpB.

4. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	December 31, 2016 (in EUR)	December 31, 2015 (in EUR)
Income tax	602	-
Pension contributions	966	-
Tax on rent	50	-
IPKO - internet	50	-
HIB Petrol	323	-
Golden Taxi	503	-
Utilities - Electricity	373	-
Utilities - Water	28	-
Total accounts payable and accrued expenses	2,894	-

Accounts payable are related to employee taxes, contributions due to Kosovo authorities, tax on rent and to other expenses occurred on December 2016 but paid in January 2017 .

KOSOVO LAW INSTITUTE - KLI
Notes to the Financial Statements (continued)
For the year ended December 31, 2016

5. DEFERRED REVENUES

	December 31, 2016 (in EUR)	December 31, 2015 (in EUR)
Kosovo Radio Television - RTK	9,566.94	8,125
Kosovo democratic Institute - KDI	198	77
UNOPS	5,307	-
US Embassy	1,819	-
	-	-
Total Deferred Revenues	16,890	8,202

6. INCOME

	December 31, 2016 (in EUR)	December 31, 2015 (in EUR)
British Embassy - Anticorruption project I	38,488	62,675
British Embassy - Anticorruption project II	78,639	26,958
Kosovo Radio television - RTK	24,125	28,498
US Embassy	21,750	-
UNOPS	43,000	-
Kosovo Democratic Institute - KDI	2,577	1,820
V-Dem Institut	273	-
Other Income	-	91
Deferred Revenues	(16,890)	(8,202)
Total Incomes	191,961	111,840

KOSOVO LAW INSTITUTE - KLI
Notes to the Financial Statements (continued)
For the year ended December 31, 2016

7. SALARIES AND BENEFITS

	December 31, 2016 (in EUR)	December 31, 2015 (in EUR)
Gross salaries	137,571	68,753
Pension Contribution	6,838	3,438
Total salaries and benefits	144,409	72,190

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, 2016 (in EUR)	December 31, 2015 (in EUR)
Production Expense	18,136	21,769
Total Production Expense	18,136	21,769

9. OTHER OPERATING EXPENSES

	December 31, 2016 (in EUR)	December 31, 2015 (in EUR)
Web site expenses	1,080	600
Roundtables and Conferences	3,369	3,714
Rent	6,105	4,510
Audit expenses	500	500
Local travel	8,534	4,324
Communication expenses (phone, internet)	3,320	1,316
Utilities (electricity, water, waste)	1,118	424
Office equipment	2,478	-
"Quick Books" purchase	496	-
Office Supplies and other	2,417	2,494
Total Other Operating expenses	29,416	17,881

KOSOVO LAW INSTITUTE - KLI
Notes to the Financial Statements (continued)
For the year ended December 31, 2016

10. PROFIT AND LOSS BY DONORS

	British Embassy - Anticorruption I	British Embassy - Anticorruption II	US Embassy	UNOPS	KDI	RTK	V-Dem Institute	Other	Total
Income	38,488	78,639	21,750	43,000	2,577	24,125	273	-	208,852
Deferred Income	-	-	(1,819)	(5,307)	(198)	(9,567)	-	-	(16,890)
Total Income	38,488	78,639	19,931	37,693	2,379	14,559	273	-	191,961
Expenditure									
Staff salaries and benefits	25,784	60,489	15,589	37,600	-	4,947	-	-	144,409
Production expense	8,136	6,000	-	-	-	4,000	-	-	18,136
Web site expenses	180	900	-	-	-	-	-	-	1,080
Roundtables and Conferences	1,705	1,664	-	-	-	-	-	-	3,369
Rent	1,155	3,250	-	-	-	1,700	-	-	6,105
Audit expenses	-	-	-	-	-	500	-	-	500
Local travel	843	3,598	3,493	-	-	599	-	-	8,534
Communication expenses (phone, internet)	455	1,710	825	-	-	330	-	-	3,320
Utilities (electricity, water, waste)	86	259	-	-	-	773	-	-	1,118
Office equipment	-	-	-	-	2,257	-	221	-	2,478
"Quick Books" purchase	-	-	-	-	-	496	-	-	496
Office Supplies and other	144	769	24	93	53	824	52	459	2,417
Total Expenditure	38,488	78,639	19,931	37,693	2,310	14,169	273	459	191,961
Exceed of Income over Expenses	-	-	-	-	69	390	-	(459)	-

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.