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KOSOVO LAW INSTITUTE – KLI

**INDEPENDENT AUDITOR'S REPORT ACCORDING TO
AGREED PROCEDURES**

For

FINANCIAL STATEMENTS PRESENTED FOR 2015

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I. INTRODUCTION

We have been engaged to audit the Financial Statements of the NGO "**Kosovo Law Institute (KLI)**" for 2015 including:

- Comprehensive Income and Expenditure Statement
- Cash Flow Statement;
- Disclosures.

II. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management is responsible for the preparation and fair presentation of these Financial Statements in accordance with the International Standards for Financial Statement. This responsibility includes: designing, implementing and maintaining internal control which is important for the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error in the selection or application of appropriate accounting policies, as well as making accounting estimates that are reasonable in certain circumstances.

III. AUDITOR'S RESPONSIBILITIES

Our responsibility is to express an opinion on Financial Statements, which we have applied during the audit procedures.

We conducted the audit in accordance with International Standards on Financial Statements and International Standards of Accounting and Auditing. Those standards require from us to be in accordance with ethical requirements. Planning and conducting audit seeks to achieve reasonable assurance about whether the Financial Statements are free from material misstatement.

Auditing involves performing procedures and examinations to obtain sufficient evidence about the amounts and disclosures presented in the Financial Statements transactions.

The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement on 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 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.

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An audit also includes 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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IV. INDEPENDENT AUDITOR'S OPINION

According to Financial Reporting and results of activities listed on financial inflows and outflows presented by the NGO "**Kosovo Law Institute (KLI)** for 2015, we conclude that Financial Statements present a true and fair picture according to International Standards on Financial Reporting and National Standards on Accounting for 2015. Based on these assessments we present the opinion without any reserves for the transactions presented on Financial Statements by the audited company.

Contractor of audit services:

Shaqir Rexhepi;

Licensed Auditor



Date: April 15, 2016

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V. GENERAL DATA ON NGO-KLI

About the Organization:

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.

Mission of the Organization

KLI's mission in 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 policy makers, state officials, international diplomats, civil society activists, and the academic community.

Address:

Street "Hajdar Dushi". Object C2, Entrance 2 no. 8

10000 Prishtina,

Republic of Kosovo

Mob: +377 44 279 144

E-mail: info@kli-ks.org

Web: www.kli-ks.org

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VI. Comprehensive Income and Expenditure Statement

Statement of financial performance for the year that ends on 31.12.20154

I. Financial Incomes	Notes	Amount
1 British Embassy (Anti-corruption project I)	1.1	62,674.92
2 British Embassy (Anti-corruption project II)	1.2	26,958.46
3 Radio Television of Kosovo, RTK	1.3	20,000.00
4 Parliamentary Research (KDI)	1.4	1,820.00
5 Postponed incomes from Radio Television of Kosovo, RTK 2014	1.5	8,498.17
6 Other postponed incomes (from 2014 remains)	1.6	90.81
I. Financial Incomes in total		120,042.36
II Operating and business expenses		
1 Salaries and wages of employees	2.1	72,190.50
2 Production expenses	2.2	21,769.30
3 Other operating expenses	2.3	17,880.61
II Operating expenses in total		111,840.41
III. Excess of incomes on 31.12.2015	3	8,201.41

AUTHORIZED BY:
BETIM MUSLIU

Executive Director



XHELADIN BYTYQI

Head of Finance

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VII. Cash Flow Statement

Cash Flow Statement for the year that ends on 31.12.2015

	Notes	Amount
I. Receiving money from operating activities		
1 Money received from operating activities (billings)	2	20,000.00
I. Received money from operating activities in total		20,000.00
II Payments for operating activities		
1 Salaries and wages of employees		-72,190.50
2 Payments of Production expenses		-21,769.30
3 Payments for the organisation of roundtables and conferences		-3,714.06
4 Payments for WEB site		-600.00
5 Payments for rent		-4,509.50
6 Payments for travel and transportation		-4,324.02
7 Payments of communication expenses		-1,315.50
8 Payments of office expenses and other expenses		-2,493.75
9 Payments for auditing		-500.00
10 Payments for utilities (electricity, water, garbage)		-423.78
II Payments for operating activities in total		-111,840.41
III Money generated from operating activities		-91,840.41
IV Acceptance of money from investing activities		Amount
1 Money received from sale of equipments		0.00
IV Money received from investing activities in total		0.00
V Payments for investment activities		
1 Money received for the purchase of equipments		0.00
VI Money from investing activities		0.00
VII. Acceptance of money from financing activities		Amount
1 Donations received in cash		91,453.38
VIII. Money received from financing activities in total		91,453.38
Cash outflows from financing activities		0.00

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IX	Payments for financing activities in total	0.00
X	Money generated from financing activities	91,453.38
XI	Money generated by the end of the year from all three activities	-387.03
XII	Money at the beginning of period	8,588.98
XIII	Money at the end of period	8,201.95

VIII. DISCLOSURES AND ACCOUNTING POLICIES

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BACKGROUND AND OPERATING INFORMATION OF KLI

Kosovo Law Institute (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.

Institute founders are: Kujtim Kërveshi, Adelina Sokoli – Pallaska, Behlul Zeka

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 conducts researches, organizes events (roundtables/conferences) and is also 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
- 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.

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BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING POLICIES

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

These financial statements were 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 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.

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IX. DISCLOSURES

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 ACTIVITY CONTINUITY

In 2015, 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.

CASH AND ITS EQUIVALENTS

Cash and its equivalents consist of cash in the box office and cash in the bank. The status of cash on December 31, 2014 was 8,588.98€€, while on December 31, 2015 it was 8,201.95€.

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 2014 have reached a value of 120,042.36€.

Note 1. Incomes from RTK

KLI generates incomes by RTK for co-production of "Oath for Justice" program, which is broadcasted every week in RTK. During the year KLI has billed to RTK bills in amount of 43,200 €, while has receivable 20,000 €. RTK owns KLI 3,000€ from 2014 and 23,200€ from 2015 billing that in total are 26,200€, which are not recognized as incomes of 2014, but they will be recognized when received, after the organization reports on the basis of cash.

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EXPENDITURES

Expenditures are recognized on the basis of the Cash for recognition of expenditures, which are recognized upon billing.

KLI expenses in 2015 were 111,840.41€ in total, while in 2014 were 123,956.98€ in total, meaning 12,156.16 € have been spent less.

KLI main expenses are:

- a) salaries: 72,190.50€,
- b) production expenses 21,769.30 € and
- c) other operating expenses 17,880.61 €, that are presented in Table 1.

Note 2. Other operating expenses

Tab. 1 other operating expenses

Year 2015

No	Description	Amount
1	Rent expenses	4,509.50
2	Travel and transport expenses	4,324.02
3	Roundtables and conferences expenses	3,714.06
4	Office expenses and other	2,493.75
5	Communication expenses (mobile phone, internet)	1,315.50
7	WEB page expenses	600.00
8	Audit expenses	500.00
9	Utility expenses (electricity, water, garbage)	423.78
Total		17,880.61

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Tab. 2 Expenses according to projects

No	Description	British Embassy 1	British Embassy 3	KDI	RTK	Other	Total
1	Salaries and wages	16,412.30	48,428.20	1,000.0	6,350.00		72,190.50
2	Production	5,769.30	6,000.00		10,000.0		21,769.30
3	Web	300.00	300.00				600.00
4	Roundtables and conferences	2,151.82	1,562.24				3,714.06
5	Rent	990.00	2,695.00		824.50		4,509.50
6	Audit				500.00		500.00
7	Transport	554.70	2,453.79		1,315.53		4,324.02
8	Communication expenses (mobile phone, internet)	400.00	615.00		270.50	30.00	1,315.50
9	Utility expenses (electricity, water, garbage)	177.10	181.75		64.93		423.78
10	Office expenses and other	203.24	438.94	743.40	1,047.30	60.87	2,493.75
Total		26,958.46	62,674.92	1,743.40	20,372.76	90.87	111,840.41

Note 3. Excess of incomes

Excess of incomes from spending activity in relation to the income received during 2015 are 8,201.95 € and consist of:

- Excess of funds collected by Radio Television of Kosovo in the amount of 8,125.45 €, and
- Excess of funds collected by KDI for the conducted research in the Parliament of Kosovo in the amount of 76.50 €.