

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, 2021

# 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, 2021, 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, 2021, 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.

**"Univerzum Audit" Sh.p.k.**  
**Besa Berisha-Partner**  
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**Prishtinë, Kosovë**



**March 09, 2022**

**KOSOVO LAW INSTITUTE - KLI**  
**Balance Sheet**  
**For the year ended December 31, 2021**

	Notes	December 31, 2021 (in EUR)	December 31, 2020 (in EUR)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	3	73,095	65,343
Accounts Receivable	4	61,815	9,280
Total current assets		134,909	74,623
<b>Non-current assets</b>			
Property and equipment		-	-
Total non-current assets		-	-
<b>TOTAL ASSETS</b>		<b>134,909</b>	<b>74,623</b>
<b>LIABILITIES AND RESERVES</b>			
<b>Current liabilities</b>			
Liabilities toward donator		6,157	-
Accounts payable	5	922	436
Deferred Revenue	6	127,831	74,188
Total current liabilities		134,909	74,623
<b>Reserves</b>			
Retained surplus		-	-
Net (deficit)/surplus for the year		-	-
Total reserves		-	-
<b>TOTAL LIABILITIES AND RESERVES</b>		<b>134,909</b>	<b>74,623</b>

The financial statements have been signed on March 09, 2022 by:

  
**Ehat Miftaraj**  
*Executive Director*




  
**Xheladin Bytyqi**  
*Financial officer*

The accompanying notes from 1 to 13 form an integral part of these financial statements


**KOSOVO LAW INSTITUTE - KLI**  
**Statement of Revenue and Expenditures**  
**For the year ended December 31, 2021**

		Year ended December 31, 2021 (in EUR)	Year ended December 31, 2020 (in EUR)
<b>Income</b>	<b>Notes</b>		
Grant Incomes	7	605,203	479,022
Refund		(26,752)	-
<b>Total income</b>		<b>578,451</b>	<b>479,022</b>
<b>Expenditure</b>			
Salaries - Management and Administration	8	49,975	63,363
Salaries - Staff on Projects Activity	8	342,170	249,518
Production expense	9	57,654	37,818
Other Operating Expenses	10	128,653	128,322
<b>Total expenditure</b>		<b>578,451</b>	<b>479,022</b>
<b>Excess of incomes over expenses</b>		<b>-</b>	<b>-</b>

The financial statements have been signed on March 09, 2021 by:



**Ehat Miftaraj**  
*Executive Director*

**Xheladin Bytyqi**  
*Financial officer*

The accompanying notes from 1 to 13 form an integral part of these financial statements

**KOSOVO LAW INSTITUTE - KLI**  
**Statement of Changes in Net Assets**  
**For the year ended December 31, 2021**

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	<b>Retained surplus (in EUR)</b>	<b>Total Reserves (in EUR)</b>
<b>Balance as at December 31, 2018</b>	-	-
Net deficit/surplus for the year ended December 31, 2019	-	-
<b>Balance as at December 31, 2019</b>	-	-
Net deficit/surplus for the year ended December 31, 2020	-	-
<b>Balance as at December 31, 2020</b>	-	-
Net deficit/surplus for the year ended December 31, 2021	-	-
<b>Balance as at December 31, 2021</b>	-	-

The accompanying notes from 1 to 13 form an integral part of these financial statements

**KOSOVO LAW INSTITUTE - KLI**  
**Statement of Cash Flows**  
**For the year ended December 31, 2021**

	Year ended December 31, 2021 (in EUR)	Year ended December 31, 2020 (in EUR)
<b>Cash flows from operating activities</b>		
(Deficit)/surplus for the period	-	-
Adjustment for:		
Depreciation	-	-
Liabilities toward donator	6,157	-
Change in receivables	(52,535)	(9,280)
Change in payables	486	(17,386)
Change in other current liabilities	53,643	(26,424)
<b>Net cash from operating activities</b>	<b>7,751</b>	<b>(53,089)</b>
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>7,751</b>	<b>(53,089)</b>
Cash and cash equivalents at 1 January	65,343	118,433
<b>Cash and cash equivalents at 31 December</b>	<b>73,095</b>	<b>65,343</b>

The accompanying notes from 1 to 13 form an integral part of these financial statements



**KOSOVO LAW INSTITUTE - KLI**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2021**

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**1. INTRODUCTION**

Kosovo Law Institute (KLI) is non-governmental organization and non-profit of public policy, and specialized ideal in the justice sector which with the advancement of the law. Established on 4 February 2009, the institute functions as a professional association registered at the Ministry of Public Administration with the number 5112193-7 at the head of which stands the Assembly of Members. Activity of the KLI is led by the Executive Director, advised by the Advisory Board of the organization.

Mission of KLI is to strengthen the rule of law and improving access to justice for citizens.

Vision of KLI is consolidation of the society with democratic values that respects and promotes the principles of rule of law and good governance.

Goal of KLI is continuous advancement of law in Kosovo. We intend to reach this goal through our research, publishing and advocacy activities, which we organize in seven programs that enable us a comprehensive approach of intervention, from making of law to their implementation by the responsible institutions.

Its activity, institute develops through the programmatic structure. 1) Making of law; 2) Rule of Law; 3) Anticorruption; 4) Justice in elections; 5) Education; 6) Media and 7) Access to Justice and 8) Good governance.

**Access and principles**

Ensuring that domestic law is done through a transparent and inclusive process and is implemented through an efficient system responsibility and accountability of justice institutions, KLI builds the basis of its actions towards the institutional goal. Through specific programs for justice in elections and anti-corruption, these activities are synthesized in a comprehensive approach toward advancing justice in Kosovo, an approach that we complete through our educational and awareness activities.

KLI constantly publishes reports that arise from our investigative and monitoring work, the nature of which extends throughout the spectrum of justice, from the appointment and reappointment of judges and prosecutors, to justice reforms, and to accountability within this system.

**Principles that lead our activity are accuracy, transparency and accountability.**

**Activities**

The Kosovo Law Institute in its activity undertakes these activities:

Legal research, including, inter alia, public policy research related to the rule of law, qualitative and comparative analysis of laws and public policies, comparative analysis between Kosovo, the region and Europe.

Journalistic research, including the identification of flaws, bad practices, disrespect of rules and procedures as well as other investigations of particular cases that are of interest to the public.

Analysis and legal expertise, including legal and technical support for the institutions of rule of law.

Advocacy, including direct advocacy to the institutions, advocacy through the media, mobilization of the legal and civil society sector on matters of particular interest.

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**KOSOVO LAW INSTITUTE - KLI**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2021**

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Reporting, including television and online reporting, for the progress and functioning of the rule of law system, informing citizens about this system, functioning and reforming it, with a particular focus on improving access to justice.

Systematic monitoring of the work of the rule of law institutions, including police, prosecution, courts and the Bar Association, as well as issuing periodic and special reports that arise from the monitoring process.

Continuous technical and substantive support of the institutions of the Republic of Kosovo, through active participation in working groups for the initiation and amendment of legislation, as well as other professional groups, starting from the phase of concept documents to the revision of laws in the Assembly.

Representing the community of lawyers and civil society in legislative process and playing the role of the liaison bridge between the system of rule of law and society.

Continuous promotion of the principles of separation of powers, promotion of human rights and freedom with a special focus on rights along the proceedings in the justice system.

Promoting the role of the judiciary with a particular focus on informing the role of prosecutors and judges as well as institutions of judicial power as KJC and KPC.

Encouraging the functioning of rule of law institutions, including inducement for transparency, functional system of accountability and holding them responsible, as well as cooperation between institutions of rule of law.

Assessment of implementation of the policies and laws, including laws, strategies, action plans and other policy documents regarding the rule of law.

Organizing debates, whether internal debates between institutions and stakeholders, public debates or TV debates for important matters in the area of rule of law, fight against corruption and the functioning of judicial power.

**KLI products**

Kosovo Law Institute, besides ad-hoc and occasional products, produces the following products:

- Periodic reports of court monitoring
- Periodic reports of prosecutions monitoring
- Periodic reports of police monitoring
- Detailed reports of the proceeding of corruption cases
- Detailed reports of the proceeding of cases of characteristic criminal offenses
- Detailed reports of the proceeding of civil cases
- Detailed reports of the proceeding of administrative cases
- Research and analysis of public policies regarding the rule of law, specifically the justice system and the fight against corruption.
- Quick public reactions on certain matters
- Analysis of laws and their compliance with EU and UN standards
- Construction of a platform of information sources, statistics and other data, arising as a result of the work of the KLI (and not only) which are published on a special internet page and serves as a primary source for researchers and journalists.
- Daily journalistic reports on court hearings.
- Daily news about the rule of law system
- News analysis on weekly basis

**KOSOVO LAW INSTITUTE - KLI**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2021**

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- Research reports, journalistic, regarding the rule of law
- TV shows specializing in the field of rule of law.

KLI staff has great experience in various capacities in the justice sector in Kosovo, including the development of research and legal analysis, reporting and journalistic research, raising awareness, and involvement in advocacy activities. This includes close work with local and international authorities in Kosovo to ensure independence, impartiality, and increasing public confidence in the justice system.

**KOSOVO LAW INSTITUTE - KLI**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2021**

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**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 1<sup>st</sup> January 2021 till 31<sup>st</sup> December 2021.

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, 2021**

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**3. CASH AND BANK BALANCES**

Kosovo Law Institute – KLI operates in EUR currency with nine (9) bank accounts opened in Banka per Biznes – BpB and one (1) bank account that operates in USD which is used only for receiving USD cash inflow from donators.

	<b>December 31, 2021 (in EUR)</b>	<b>December 31, 2020 (in EUR)</b>
Cash at banks	73,095	65,343
<b>Total Cash and Bank Balances</b>	<b>73,095</b>	<b>65,343</b>

**4. ACCOUNTS RECEIVABLES**

	<b>December 31, 2021 (in EUR)</b>	<b>December 31, 2020 (in EUR)</b>
UNMIK	52,358	-
INL II - " CLARD"	2,838	-
Council of Europe	6,620	9,280
<b>Total Account Receivables</b>	<b>61,815</b>	<b>9,280</b>

**KOSOVO LAW INSTITUTE - KLI**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2021**

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**5. ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

	<b>December 31, 2021 (in EUR)</b>	<b>December 31, 2020 (in EUR)</b>
Salary	922	347
Other services	-	38
IPKO - internet	-	51
<b>Total accounts payable</b>	<b>922</b>	<b>436</b>

**6. DEFERRED REVENUES**

	<b>December 31, 2021 (in EUR)</b>	<b>December 31, 2020 (in EUR)</b>
Kosovo Radio Television - RTK	23,206	8,910
NED	3,169	9,726
UN - Legal Aid Support Center	-	8,449
EULEX	5,595	173
Rrjeti i Grave	1,882	2,215
CLARD	-	24
USAID - Empower	-	1,058
KCSF	-	976
MATRA	-	29,641
UN	42,431	-
UN Women	9,750	-
RBF	34,129	-
INL USA	5,669	13,015
Kosovo Center for Gender Studies	2,000	-
<b>Total Deferred Revenues</b>	<b>127,831</b>	<b>74,188</b>

**KOSOVO LAW INSTITUTE - KLI**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2021**

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**7. INCOME**

	December 31, 2021 (in EUR)	December 31, 2020 (in EUR)
Kosovo Radio television - RTK	27,550	40,706
NED	27,354	44,608
INL - CLARD	27,072	10,867
Council of Europe	10,620	9,280
UNMIK	52,358	-
United Nations 1	28,882	-
United Nations 2	20,249	78,033
EULEX	6,800	12,619
Rrjeti i Grave	5,952	18,960
USAID - Empower	29,650	24,655
INL US EMBASSY	290,420	274,679
KCSF	-	2,531
MATRA	7,196	36,272
RBF	42,401	-
DRC	41,658	-
UN Women	31,200	-
Institute of International Affairs	7,485	-
Kosovo Center for Gender Studies	2,000	-
Deferred Income from previous year	74,188	-
Deferred Revenues	(127,831)	(74,188)
<b>Total Grant Incomes</b>	<b>605,202</b>	<b>479,022</b>

**8. SALARIES AND BENEFITS**

Salaries for staff that have been engaged on Management and Administration for 2021 are presented below:

	December 31, 2021 (in EUR)	December 31, 2020 (in EUR)
Gross salaries	47,595	60,346
Pension Contribution	2,380	3,017
<b>Total Salaries - Management and Administration</b>	<b>49,975</b>	<b>63,363</b>

**KOSOVO LAW INSTITUTE - KLI**  
**Notes to the Financial Statements (continued)**  
**For the year ended December 31, 2021**

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While the salaries for staffs that have been engaged on Projects Activity during 2021 are presented below:

	<b>December 31, 2021 (in EUR)</b>	<b>December 31, 2020 (in EUR)</b>
Gross salaries	325,876	237,636
Pension Contribution	16,294	11,882
<b>Total Salaries - Staff on Projects Activity</b>	<b>342,170</b>	<b>249,518</b>

**9. PRODUCTION EXPENSE**

NGO Kosovo Institute of Justice - KLI prepares television products, namely weekly TV shows, which are broadcast on television. For this reason, the organization has contracted the external production company "Era Communnications", which performs all production services for the needs of the organization, which includes the services of other visual products such as promo, documentary, design, etc.

	<b>December 31, 2021 (in EUR)</b>	<b>December 31, 2020 (in EUR)</b>
Production Expense	57,654	37,818
<b>Total Production Expense</b>	<b>57,654</b>	<b>37,818</b>



KOSOVO LAW INSTITUTE - KLI  
Notes to the Financial Statements (continued)  
For the year ended December 31, 2021

10. OTHER OPERATING EXPENSES

	December 31, 2021 (in EUR)	December 31, 2020 (in EUR)
Web site expenses	9,229	-
Consulting	-	6,500
Roundtables and Conferences	3,263	-
Rent	16,435	15,121
Audit expenses	1,230	900
Local travel	15,573	10,166
Communication expenses	3,389	7,559
Utilities	3,040	1,695
Office equipment	5,051	5,241
NGO	61,746	66,709
Design	-	900
Office Supplies and other	8,313	11,796
Bank Charge	1,386	1,737
<b>Total Other Operating expenses</b>	<b>128,653</b>	<b>128,322</b>

Explanatory Notes on RTK Revenues, for the "Oath for Justice" project.

Description	Value in EUR
Total liability of RTK until 01.01.2021	69,350.00
Invoiced during 2021	20,900.00
Paid during 2021	27,550.00
Surplus	6,650.00
<b>Total liability of RTK until 01.01.2021</b>	<b>62,700.00</b>
Paid during 2021	27,550.00
Unspent until 31.12.2020	8,910.23
Total funds from RTK payments	36,460.23
Expenditures during 2021	13,253.90
<b>Unspent until 31.12.2020</b>	<b>23,206.33</b>

Based on the table above, it turns out that KLI has billed RTK for 22,900.00 EUR. RTK, has paid 27,550.00 EUR.

KLI does not recognize this debt as income, but only identifies it as billing, only when RTK payments are made then it is recognized as revenue.

**KOSOVO LAW INSTITUTE - KLI**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2021**

**11. PROFIT AND LOSS BY DONORS**

	UN Women	Kosovar Center for Gender Studies	UNMIK 1	MATRA	DRC	Rijeti i Grave	NED1	NED2	USAID - Empower	RTK	UN2	INL CLARD	KCSF	UN 2021-2022	EULEX	KE	RBF	IAI	INL	Total
Income	31,200	2,000	28,882	7,196	41,658	5,952	8,176	19,178	29,650	27,550	20,249	27,072	-	52,358	6,800	10,620	42,401	7,485	290,420	658,84
Deferred Income from previous year	-	-	8,449	29,572	-	2,215	9,726	-	1,060	8,910	-	24	1,044	-	173	-	-	-	13,015	74,18
Refund	-	-	-	(20,595)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Income	(9,750)	(2,000)	-	-	-	(1,882)	-	(3,169)	-	(23,206)	-	-	-	(42,431)	(5,595)	-	(34,129)	-	(6,157)	(26,75)
Total Income	21,450	-	37,331	16,173	41,658	6,285	17,902	16,010	30,710	13,254	20,249	27,096	1,044	9,927	1,379	10,620	8,272	7,485	291,609	578,45
Expenditure																				
Staff salaries and benefits	10,000	-	25,357	3,220	36,515	5,950	15,337	14,824	14,130	7,897	20,249	27,096	-	9,390	1,201	10,599	7,282	5,165	177,924	392,14
Production expense	2,000	-	6,000	6,900	3,940	300	600	-	6,050	-	-	-	-	-	-	-	-	1,940	29,924	57,65
Web Expense	9,000	-	-	-	-	-	-	-	-	229	-	-	-	-	-	-	-	-	-	9,22
Roundtables and Conferences	-	-	-	-	-	-	-	-	-	421	-	-	-	-	-	-	-	-	2,842	3,26
Consultancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	-	-	4,891	-	-	-	-	-	-	4,071	-	-	-	-	-	-	-	-	-	-
Audit expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	524	-	-	900	-	6,048	16,43
Local travel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,230	1,23
Communication expenses	-	-	62	-	475	-	751	305	25	183	-	-	-	-	-	-	-	-	14,164	15,57
Utilities	-	-	-	-	475	-	112	783	55	277	-	-	-	-	-	-	-	-	2,132	3,38
Office equipment	-	-	-	-	-	-	353	-	5,051	-	-	-	-	-	-	-	-	-	1,848	3,04
NGO	-	-	-	-	-	-	-	-	3,330	-	-	-	-	-	-	-	-	-	-	5,05
Office Supplies and other	450	-	829	-	138	35	674	-	2,031	163	-	-	1,044	-	-	-	-	-	51,406	61,74
Design	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	360	2,590	8,31
Bank Charge	-	-	192	43	115	-	75	97	38	13	-	-	-	-	-	-	-	-	-	-
Total Expenditure	21,450	-	37,331	16,173	41,658	6,285	17,902	16,010	30,710	13,254	20,249	27,096	1,044	9,927	1,379	10,620	8,272	7,485	291,609	578,45
Exceed of Income over Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**KOSOVO LAW INSTITUTE - KLI**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2021**

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**12. 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.

**13. 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.