

**Balkan Investigative
Reporting Network
(BIRN Kosovo)**

Prishtina - Kosovo

**Financial Statements
2018**

Balkan Investigative Reporting Network

Independent Auditors report on the financial statements audit

For the attention of the Executive Director of Balkan Investigative Reporting Network (BIRN)

Pristina - Kosovo

Opinion

We have audited the accompanying financial statements of the Balkan Investigative Reporting Network – Kosovo (BIRN or the Organisation), particularly the statements of financial position on December 31st 2018, statement of income, statement of equity changes and the statement of cash flow, for the year ending on the same date as well as the note of financial statements, including a compilation of the most important accounting policies.

In our opinion, the financial statements presents fairly, in all material respects the financial position of BIRN as of December 31st 2018, the financial performance for the year ending on that date in accordance with International Standards on Financial Reporting for Small and Medium Enterprises and the Law 04/L-57“on the freedom of association in non-governmental organisations”.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities described below under the section on the *Auditors Responsibilities for the audit of the statement of expenses* for this report.

We confirm our independence from BIRN in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with this code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

According to our professional judgement, the main audit issues are those deemed the most important in the audit of financial statements of the current period. These issues have been addressed in the context of auditing the financial statements in their entirety and in establishing an opinion about them, hence we do not give a special opinion on these matters.

Continuous functioning

The financial statements have been prepared on the basis of continuous financing as there is not aim of liquidating or halting the functioning of the organisation in the upcoming 12 months. The audit has not identified the existence of any events or preconditions that may raise doubts on the ability of the organisation to continue its functioning.

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Other information varying from the Financial Statement

No information with the potential of harming the credibility of the Financial Statement either financial or not, that vary from the audited financial statements and the report of the audit on the financial statements, included in the annual report of the entity that have material misstatement with the FS or with the information obtained by the auditor during the audit, with each of them having the potential of harming the credibility of the Financial Statement and the audit report on the FS.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with ISA-SME and for such internal control as management determines is necessary to enable preparation of a statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the BIRN Kosovo financial reporting process.

Auditor's responsibilities in auditing financial statements

Our objectives are to obtain reasonable assurance about whether the statement of expenses is 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 ISA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, 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 ISA's, we exercise professional judgement and maintain professional scepticism throughout the audit.

We are also responsible for:

- Identify and assess the risks of material misstatement of the statement of assets and equipment 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

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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 organisations' 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 BIRN Kosovo 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 BIRN Kosovo to cease to continue as a going concern.

-Evaluate the overall presentation, structure and content of the financial statements, including the disclosure, and whether the financial statement present the underlying transactions and events in manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that we identify during our audit.

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.

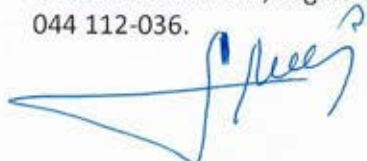
Pristina, 28.03.2019.

Audit Office Shpk

Ulpiana D1/7 H-8

Shaban Muharremi, Legal Auditor

044 112-036.



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Statement of profit and loss and total income

01. January - 31. December

In €	2018	2017
Income		
Project grants	901,027	883,971
Total income	901,027	883,971
Expenses		
Personnel	(526,115)	(494,726)
Project expenses	(354,670)	(371,039)
Administrative expenses	(5,000)	(5,890)
Other expenses	(2,797)	(3,489)
Depreciation	(23,392)	(34,462)
Total expenses	(911,974)	(909,606)
EXCESS OF INCOME/EXPENSES FOR THE YEAR	(10,947)	(25,635)

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Statement of financial position

On December 31st

In €	2018	2017
I Assets		
A Current assets		
Cash and cash equivalent	800,118	700,424
Advance payments to project partners	95,514	15,155
Payable accounts	503,776	587,598
Total of Current assets	1,399,409	1,303,177
B Non-current assets		
Property and equipment	30,899	41,846
Total non-current assets	30,899	41,846
Total A+B	1,430,308	1,345,023
II Liabilities and balance of funds		
A Current liabilities		
Payable accounts and other	3,384	-
Deferred income	1,396,025	1,303,177
Total of current liabilities	1,399,409	1,303,177
III Balance of funds		
Funds at the beginning	41,846	67,481
Net profit for the year, see P/A	(10,947)	(25,635)
Total balance of funds	30,899	41,846
Total liabilities and balance of funds	1,430,308	1,345,023

See attached explanatory notes on the assets and liabilities

The authorized person:

Jeta Xharra - Executive Director



Yllka Hoxha - Financial manager

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Statement of changes in equity

For the year ending on December 31st 2018

	Initial capital	Deferred income	Other reserves	Total
POSITION ON JANUARY 1st 2017	-	1,303,177	41,846	1,345,023
				0
Surplus / Lack of funds				0
Difference in currency exchange				0
Dividends				0
Depositing additional capital				0
Distributing reserves				0
POSITION ON DECEMBER 31st 2017	-	1,303,177	41,846	1,345,023
Increase/Decrease of deferred income		92,848	(10,947)	81,901
Difference in currency exchange				0
Dividends				0
Depositing additional capital				0
Distributing reserves				0
POSITION ON DECEMBER 31ST 2018	-	1,396,025	30,899	1,426,924

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Statement of Cash Flow

	2018	2017
I CASH FLOW OF OPERATING ACTIVITIES:		
Deferred income +/-	(10,947)	(25,636)
Adjustment for voices not in cash for expenses and income		
Depreciation of property, equipment and plants	23,392	34,462
Damage of property, equipment and plants	0	0
Amortization of intangible assets	0	0
Loss from damage of intangible assets	0	0
Change of value of investing property	0	0
Financial income	0	0
Financial expenses	0	0
(Profit) / loss from sale of property, factory and property +/-	0	0
Expenses of tax on profit	0	0
	23,392	34,462
Operating liabilities and changes on assets		
(Increase)/decrease in accountant receivable and others	83,821	4,698
(Increase) /decrease in stocks	0	0
(Increase) decrease in other assets	12,489	467,693
Increase/(decrease) in accounts payable and other	3,384	(4,140)
Increase / (decrease) in other liabilities	0	0
	99,693	468,251
Income tax	0	0
Interest paid	0	0
I NET CASH FLOW FROM OPERATING ACTIVITIES	112,138	477,077
II CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of property, equipment and plants	(12,445)	(8,826)
Receivables for sale of property, equipment and plants	0	0
Payments for purchasing of intangible assets	0	0
Receivables for sale of intangible	0	0
Payable interest	0	0
Payable dividends	0	0
II NET CASH FLOW OF INVESTING ACTIVITIES	(12,445)	(8,826)
III CASH FLOW OF FINANCING ACTIVITIES:		
Paid dividends		
Payables from credit and loans		
Repayment of credit and loans		
Payment of financial leasing	0.00	
III NET CASH FLOW OF FINANCING ACTIVITIES	0.00	0
INCREASE/(DECREASE) OF NET CASH FLOW AND CASH EQUIVALENT	99,693	468,251
CASH AND CASH EQUIVALENT IN THE BEGINNING OF THE YEAR	700,426	232,175
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	800,118	700,426