

**Balkan Investigative Reporting Regional  
Network, Sarajevo, BiH**

**(“BIRN”)**

Director’s report and  
unconsolidated financial  
statements

31 December 2009

# Balkan Investigative Reporting Regional Network

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# Balkan Investigative Reporting Regional Network

## Regional Director's report

The Balkan Investigative Reporting Network, BIRN ([www.birn.eu.com](http://www.birn.eu.com)), is a close-knit group of editors and trainers that enable journalists in the region to produce in-depth analytical and investigative journalism on complex human rights, political, economic, social and cultural topics.

The BIRN Network emerged from the Balkan programme of the London-based Institute for War & Peace Reporting, IWPR, in 2005. As part of that process, IWPR's original Balkans team was entrusted with the task of taking local ownership for the programme and making it sustainable, in the light of the changing realities in the region.

BIRN consists of seven non-governmental member-Associations (six focused on single country strategies and one, regional 'hub' Association, focused on coordinated regional projects and providing specialist assistance to the individual network Associations). Network members are registered in Bosnia & Herzegovina, Bulgaria, Kosovo, Macedonia, Romania and Serbia, and there is an additional editorial presence (editors and journalists) in Albania, Montenegro and Croatia'. In 2007, a limited liability company, BIRN. Ltd, wholly owned by the Birn 'Hub' was established and registered in Belgrade. BIRN Ltd. was formed as a vehicle to commercialise elements of the network's activities, as part of strategic push towards greater sustainability.

BIRN has carefully developed contractual relations and operational rules and procedures governing its network operations, which balance the need for control and strategic direction with a locally-driven development focus.

Together, these Associations pool their resources, connecting their growing teams of specialist journalists – local reporters and analysts – who are trained and supported to produce top-quality, timely and relevant coverage. The regular output of news, analysis and investigations is posted on the BIRN Hub's web site, *Balkan Insight* ([www.balkaninight.com](http://www.balkaninight.com))

Investigation and in depth reports are frequently reinforced with public debates and other events.

This approach advances a regional (Balkan) and international agenda, driving forward key issues, such as freedom of speech, respect for human rights and the rights of minorities, facing the past, the drive to form a regional truth commission, international and factional political disputes (Bosnia & Herzegovina, the Greece-Macedonia name conflict and Serbia and Kosovo's dispute over the independence of Kosovo). With a subscriber base of 15.000 for its newsletter e-mailings and with more than 300,000 page-views monthly for the Balkan Insight website, BIRN output provides the only source of truly independent, high quality news, investigations and analysis, giving power to local voices in a region where press-freedom has suffered a serious reverse.

BIRN member-Associations are active in local media development projects. In Bosnia, this involves training in war crimes reporting and the coverage local war crime trials - online, and on radio and TV ([www.bim.ba](http://www.bim.ba));

- in Serbia, the training of journalists from minority communities (BIRN Serbia - <http://birn.eu.com/en/1/190/?tpid=2>), publishing analyses and features on minority issues and in recent months training journalists to report on and analyse government budget and spending programmes (<http://www.skockajtebudzet.rs/pocetna>);
- in Kosovo, BIRN produces highly influential televised debates on current affairs in the Jeta ne Kosove series ( <http://kosovo.birn.eu.com/> and <http://www.jetanekosove.com>);
- In Macedonia, the focus is on Euro Atlantic integration, and the ongoing name dispute with Greece; and in Bulgaria and Romania the emphasis is on reporting on the process of European Union integration, membership challenges, and Roma issues.

The Association is led by a team of award-winning journalists and editors (both local and international), all of whom have many years of professional experience. They share an in-depth understanding of, and interest in, the region and its challenges, including transitional justice, human rights, post-conflict society-building and European integration.

# Balkan Investigative Reporting Regional Network

## Regional Director's report (*continued*)

### BIRN Regional Hub in 2009

From the very conception of BIRN, we have sought to create structures and mechanisms by which we can progressively make our reporting commercially viable, without compromising its regional approach, independence and quality. Harnessing the opportunities the internet, our reputation and influence provide, we have been developing *Balkan Insight* to become a sustainable part of the region's media sector, thus securing the added value we bring to its development, and that of wider society, for the long term. With the implementation of the current strategy BIRN aims to transform key elements of our media development program into a commercially viable operation and to improve the circumstances and momentum for democratic reform, peace and prosperity in the Balkans by sustaining media development work for the long term and the benefits of the region's citizens. BIRN is operating two parallel strategies, where charitable activities are the reason why the commercial activities were started to be developed.. The focus is particularly on developing investigative journalism and on-the-job training with vocational aspects.

### Results` Highlights

#### 1. Commercialisation

- Developed and implemented a new website strategy.
- Designed and programmed new website templates for [www.BalkanInsight.com](http://www.BalkanInsight.com).
- improved the web hosting for our websites
- Finished the new web design for [BalkanInsight.com](http://BalkanInsight.com), started the programming, new website to be launched by end of June 2010.
- Worked towards maximising our commercial opportunities, development of new commercial aspects, affiliate programs and content syndication, research and profiling department and jobs section.
- Initiated the procedure for the first distribution of ownership of BIRN Ltd among BIRN employees.

#### 2. Journalists Training and Publishing

- Organised a two-day comprehensive training event for 16 *Balkan Insight* correspondents.
- Facilitated investigative journalism training in Albania and Macedonia.
- Finished *Digging Deeper: `Investigative Handbook`* for journalists in the Balkans, published it as a printed edition in English language.
- Completed the third year of *Balkan Fellowship for Journalistic Excellence* programme, with another 10 young journalists that have finished the one year programme.
- Published their work in the third book:  
<http://fellowship.birn.eu.com/en/main/publications2009>.
- Featured over 450 analytical articles on [www.BalkanInsight.com](http://www.BalkanInsight.com).
- Provided a daily news service on the Balkans that brought over 20 news updates every day.
- Over 130 authors involved in the production of the analytical content.

#### 3. Capacity Building

- Employed an online projects director for all of our online projects and websites (seven in total now), and development of commercial aspects of *Balkan Insight*.
- Employed a sales team for *Belgrade Insight* and implemented Salesforce software for administration of advertising and sales for *Balkan Insight* and *Belgrade Insight*.
- Engaged outside experts for delivering an analysis and the needs assessment for the website.

#### *New website template and implementation of website strategy (Improvement of (web) capabilities*

The current *Balkan Insight* website was launched in December 2007, in order to offer an even broader platform for reporting and publishing activities of local journalists from the region, but as well as to separate the editorial output BIRN produces from our other Associational activities and projects. As the visits and demands on the website grew, in 2009 we have introduced numerous changes in design and programming to accommodate the higher number of visitors and users of both free and premium content.

*Changes in the templates:* Changed horizontal navigation: Used to be: News, Analysis, Comments, Interviews, Investigations, Blogs - Now: News, Premium, Business Insight, Life and Style, Blogs, Vide, Jobs. Result: The new navigation complies much better with the information architecture of the

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## Regional Director's report (*continued*)

web site and this has resulted in more visits to the sections that were previously missing. Country Navigation: The country navigation was changed in the left menu so that all countries are visible, instead of having to open a drop down menu. This has resulted in much better navigability for what has been the most often browsing pattern of the visitors - to first look at what is new in countries of interest. Topic Navigation: The topic navigation has also been changed so that all the current topics are visible below the country navigation, instead of having to open a drop down menu. About us navigation: The About us navigation has been consolidated and moved below the topic navigation

*Topics:* We have introduced new topics to the web site and designed topic specific templates. These are front pages that gather articles from all sections of the web site to one page, where all the latest headlines for a specific topic are easily viewable. The result has been an increased focus in articles and material associated with these topics. Examples are the Karadzic on Trial page and the Macedonia Name Dispute page which have received a Google page rank 51 after these changes were introduced.

*New Sections:* Video: We have introduced a video section that for now contains video subtitled clips from the Life in Kosovo project (BIRN Kosovo) and the TV Justice - Justice Report project (BIRN Bosnia and Herzegovina). Both have attracted attention of visitors and we already have increased interest for syndication and republishing of our video material as result.

*The change of server and web hosting of the website:* We have moved all of our web sites to a new server, based in Germany, The server is cheaper and technically more efficient and with more storage capacity than the previous one. It is currently hosting Balkan Insight, all projects under the Birn.eu.com domain as well as BIRN Serbia's latest campaign for raising awareness about public finances - skockajtebudzet.rs. The email server is also hosted on the new server.

*Development of new website:* The new Balkan Insight - Graphic design is finished and programming is under way. The new web site will have a modern design and technical features that will allow better content management at all levels, improved scalability, user account management, user interaction and ability for users to customize content to their needs. The new platform will also provide a much better e-commerce solution, that will be able to implement a number of e-commerce and affiliate tools to boost sales. All of our efforts so far have enabled to reach a very high Google page rank - 6.

*Subscription to a news outlet* - with support from OSI, London BIRN was able to invest funds into the subscription to news agencies. During the period under review, BIRN uses the FONET (from Serbia) photo service, and adds photographs for our own daily news service. This is an important resource for us, because we publish over 20 news items daily, but we lack the capacity to provide original photography for the website news. The photo service is also being used for Belgrade Insight and Pristina Insight, weekly and bi-weekly newspapers in English language published in Belgrade and Pristina.

*The Belgrade Insight and Pristina Insight* – Belgrade Insight switched to bi-weekly edition towards the end of the year, which was caused by worsening economic crisis which hit the advertising sector in Belgrade media very hard. Parallel with the development of the newspaper we have started to pursue other possible income generating operations. Pristina Insight continues to be published bi-weekly, supported by donor grants.

## 1. Journalist training and publication

### *Training Activities*

*Balkan Insight Correspondents Training Workshop* – a two day training workshop was organised for sixteen Balkan Insight correspondents from across the region in October, in Belgrade where they were presented with the future design and layout of the new website, its new structure and inform them that

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<sup>1</sup> **Page Rank** is a link analysis algorithm, named after Larry Page, used by the Google Internet search engine that assigns a numerical weighting to each element of a hyperlinked set of documents, such as the World Wide Web, with the purpose of "measuring" its relative importance within the set. The Google Toolbar's PageRank feature displays a visited page's PageRank as a whole number between 0 and 10. The most popular websites have a PageRank of 10. The least have a PageRank of 0. Google has not disclosed the precise method for determining a Toolbar PageRank value.

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## Regional Director's report (*continued*)

the new website will operate on a different software platform. This is particularly important because of the way news websites are organised now – correspondents submitting their materials directly onto the software platform and not to the editors via email.

The correspondents were given particular training in writing for the web – structure was explained as well as using keywords and links in their articles. The importance of multimedia and promoting the article through social web, blogs and forums was explained. They were given information on how to research their story and use online tools such as: Google Analytics: to keep track of the popularity and demographic appeal of the stories, Google Docs: to use an online office solution and write content as a team and Google Reader: to add and follow news sources on the web. The editorial policy was discussed as part of the meeting, and roles and responsibilities of the correspondents' team members were explained and discussed with suggestions for improvement.

*Investigative Journalists Training in Albania and Macedonia* – In 2009 BIRN Regional received support from the National Endowment for Democracy to conduct a project in Macedonia and Albania, to train journalists in investigative reporting skills. Ten journalists were trained and published fifty articles during project implementation that received wide local and international republication. As a result we have now a strong pool of journalists in both countries able to investigate complex social, political and economic issues in their countries.

For his outstanding contribution to investigative journalism, Balkan Insight editor from Albania and project manager, Mr. Besar Likmeta was awarded in July 2009 with the CEI/SEEMO Award for Outstanding Merits in Investigative Journalism. The Central European Initiative and the South East Europe Media Association (SEEMO) have presented the award of 5.000 EUR to Mr.Likmeta, offered by the CEI Executive Secretariat, on the occasion of the traditional CEI Journalists Forum, held in Warsaw, Poland, in September 2009. With this selection, the Jury said that they intended to ***“promote the good investigative journalism carried out by a very young journalist and, more in general, to convey a signal of support to the development of investigative journalism in Albania, which is particularly significant for this country”***.

- *Balkan Fellowship for Journalistic Excellence 2009* – We have completed the third year with another 10 young journalists that have finished the one year program and published their work in the third book: <http://fellowship.birn.eu.com/en/main/publications2009>. In the 2009 programme, participants were encouraged to explore the theme of identity through different kinds of issues, such as gender, generation, new technologies, minorities, and questions concerning religious and cultural identities, or to unpack ideas about economic identity - such as globalisation versus national brands.

Croatian journalist Maja Hrgovic scooped this year's first prize for her article “Families Pay the Price as Women Go West”, while second place went to Serbia's Momir Turudic, for his article “Germany's A Dream For Serbia's Roma Returnees”. Yana Buhner Tavanier of Bulgaria came in third with the article, “Institutions Remain Dumping Grounds for Forgotten People“. Momir Turudic, one of this year's winners, stressed the importance of the opportunities that the programme offers to journalists, in terms of both financial and professional support, *“For me the most important thing is that now, wherever I go, and whenever I need some help in the region, I know that there are people there that I can count on”*, said Turudic at the launch of the third book in Belgrade. His article "Roma repatriates dream of Germany" looks at the inability of thousands of young Roma, who have lived in Germany for years, to adjust to the country they are forced to return to and which many no longer view as home. His story was widely republished not only in regional media but also in Germany and Austria, giving a voice to this vulnerable group.

During the implementation of the Fellowship programme in 2009 BIRN Hub performed the overhaul of the visual identity of the programme, launching the complete new website, with improved visual identity and programming. In 2009 the donors have completed the evaluation of the programme so far, giving it a positive review, and the application process for 2010/2011 edition is completed

*Summer School of Investigative Reporting* - As part of its sustainability strategy, BIRN plans to train journalists from local media outlets, contributing to the capacity building of the local media in the region. The School is designed as an income generating activity BIRN wanted to develop in order to

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## Regional Director's report (*continued*)

find additional sources for training activities for journalists. We do not expect to be profitable from the School, but to earn enough to be able to sustain the costs.

We have been preparing the School, and as a first stage BIRN published In December 2009, the Investigative Handbook for journalists in the Balkans: Digging Deeper – that would serve as curriculum for the School, and have published it as a printed edition in English language.

The book is now being translated in Serbian and will be printed in this language, thanks to the funds we have secured from the OSCE in Serbia. Our plan is to print the handbook in Albanian language as well. We believe that 2010 would be a better choice for organising the School and would like to pursue this activity further and direct our efforts towards preparing for this event, which means designing the schedule, contacting the speakers, announcing the School across the region and starting the advertising campaign for this event.

Publication on [www.BalkanInsight.com](http://www.BalkanInsight.com)

Balkan Insight featured over 450 analytical articles, alongside a daily news service that continued to bring over 20 news updates daily, as well as blog and life&style articles. The content was produced by over 130 authors, who came from the area of the Balkans, but also international experts and members of diplomatic and other international representation offices. BIRN published different texts as its premium content as a part of the overall regional programme, the Balkan Insight, but also within the individual projects of the member countries or other programmes of the network.

The output included:

- Weekly political analysis from nine countries – including the coverage of elections in countries, the name row issue between Greece and Macedonia, judicial and other reform issues in Serbia.
- Business Insight section on investments and Balkan business trends – articles such as economic development in Kosovo, Greek economic turmoil and its effect on other Balkan states, currency fall in Albania.
- Investigative reports – World Bank demolition project in Albania, KLA network of prisons in Albania and Kosovo, Kosovo election fraud, illegal logging of Albanian forests.
- War crimes reporting – Karadzic trial, Srebrenica genocide new indictments.
- Reforms and transition process analysis – including the coverage of EU Balkan enlargement process in each state, visa liberalisation process, NATO related issues.
- Society sections – border tensions in South Serbia, Turkey-Bulgaria dispute, discrimination against Jews and Roma in Bosnia and Herzegovina and coverage of other human rights issues.
- Life and Style section with articles on travel and tourism in the Balkans, real estate, blogs, photo galleries and interactive sections, such as the video section.
- In brief: Latest news throughout the day – daily news on most relevant Balkan Issues.

The diversified content brought the Balkan Insight website over 1.2 million visits that came from over 0.5 million unique visitors.

Six investigative reports were published during this grant period:

- *KLA Ran Torture Camps in Albania* – on network of prisons KLA kept in their bases in Albania and Kosovo during and after the conflict of 1999;
- *Shadow of Fraud Hangs over Kosovo Autumn Poll* - raised fears that problems may reoccur in Kosovo elections widespread concerns about fraud in 2007;
- *Illegal Logging Ravages Albania's Forests* - Corruption and incompetence prevent official crackdown on illegal trade that is degrading the environment in Albania
- *Fields of Terror* – the New Slave Trade in the Heart of Europe - Poor people are being lured from Eastern Europe to the Czech Republic for forced labour and there is no sign of this evil trade coming to an end.
- *BIRN Probe Uncovers Holes in Kosovo Health Service* – the investigation sheds light on corrupt practice of doctors referring patients to their own clinics for treatment, emergency centres left unstaffed, broken equipment and unequal deployment of specialists.
- *Son's Search For Father Uncovers Albanian Mass Grave* - Years after the collapse of the Stalinist regime, many families of Albanians executed by the communists are still desperately looking for the bodies of their relatives.

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## **Regional Director's report (*continued*)**

Additional 10 investigative reports were published as part of the Balkan Fellowship for Journalistic Excellence Project. During the 2009/2010 edition of the fellowship programme ten journalists from the region explored the topic of `identity` through their investigative reports and explored many of the directions in which the concept of identity is heading in the Balkans.

### **2. Capacity Building**

#### *Engaging a business manager to lead the initial process of commercialisation*

During 2009 the Business manager was concentrated on the development of the Belgrade Insight newspaper (a newspaper in English language, produced by using the content from the Balkan Insight website and distributed in Belgrade), coordinating this operation and working with the sales team to develop the newspaper even more and position it on the market.

The newspaper switched to bi-weekly edition towards the end of the year, which was caused by worsening economic crisis which hit the advertising sector in Belgrade media very hard. Parallel with the development of the newspaper we have started to pursue other possible income generating operations.

For that purpose we have started the jobs section on the Balkan Insight website, which currently lists Balkan and international jobs from more than a dozen websites in local and international languages. Balkan Insight Jobs is still in Beta and will soon be developing more features and categories. As an additional activity we have launched a research department within the Association and have begun to advertise its services. Because we have experts permanently stationed on the ground in each country, we saw this as an additional opportunity to be able to provide a regional overview or a detailed analysis of a specific business sector, politics or society.

#### *Sustaining BIRN Hub capacities and staff in the initial period of commercialisation efforts*

As a result of developing the self sustainability strategy for the Association and launching a more comprehensive website, BIRN was able to secure additional revenue for its activities during the ongoing financial crisis. BIRN Ltd, company owned by the charity, set up as a vehicle to generate additional income and sustain core journalistic production. It now serves as "sales agent" for BIRN Hub, selling Balkan Insight content to various subscribers and reinvests the money in the charity. Additionally it has own income-generating activities such as printing newspaper and (paying for the content used from the website), as well as attracting advertisement both for the Balkan Insight website and Belgrade Insight newspaper. BIRN has hired Milos Milosavljevic as director of our online projects, who is responsible for heading all of the web improvement efforts. Mr. Milosavljevic has extensive experience in developing online projects. Previously he held position as Architect and Director of the EM Company's news portal (Economist Media Group – emportal.rs) and Editor and Web Content Engineer at B92 website (b92.net).

*BIRN Ltd – distribution of ownership* - The BIRN regional network board of directors made a decision to enter the procedure of transferring a part of the ownership of the company it established in 2007 to its employees. The decision included also the criteria for transfer of ownership, taking into account the duration of contractual relationship and complexity of the works conducted. Immediately after the decision, BIRN hub initiated the procedure of finding out the possibilities for the given transfer, to which end it hired a solicitor in Belgrade (where the BIRN company is located) to act in behalf of the Association and the employees in the procedure. Individual shares were calculated, based on the aforementioned criteria, and all parties were contacted with the offer to receive shares of the BIRN Company. Those who accepted the offer to be granted a part of the ownership were obliged to submit necessary documents for the legal procedure. At this moment, we are in the process of obtaining the documents (a few pending from employees based in the UK), and we expect the procedure for the first phase of the ownership transfer to be completed towards the end of Spring 2010. In addition, towards the end of 2009, BIRN hub has undertaken the procedure of identifying the distribution for the second phase, including a new group of employees. The procedure for this group will be dealt with during the current year (2010). Currently 29 BIRN employees have accepted the distribution.



# **Balkan Investigative Reporting Regional Network**

## **Regional Director's report (*continued*)**

### **Conclusion**

These are not easy times for the journalists in the Balkans. Last year saw assassinations and physical assaults on journalists, in Croatia, Bulgaria, Serbia, Bosnia and Herzegovina. In Albania, Croatia and Serbia the police were forced to mount 24-hour guard over the most endangered reporters.

Those not physically attacked, found themselves squeezed between business and political interests that control the editorial policies of their media outlets. Many editors fear losing advertising money if they expose 'dirty' businesses that are often close to political circles. Journalists are forced to constantly battle threats of legal action, censorship and self-censorship. Lack of money, time, and also a lack of skills has reduced the opportunity for journalists work.

With the countries of Croatia, Serbia, Macedonia, Bosnia and Herzegovina, and Albania, striving to join the European Union, only an informed public can keep up the pressure on governments to continue with reforms. BIRN is active in transitional democracies, where war crimes left lasting scars; the transition from communism to capitalism in the 90s was badly managed. For the most part, privatisation processes went awry, and war profiteers and tobacco, drugs and weapons smugglers turned the Balkans into the home of a new breed of criminal barons.

The Balkans still suffer under an overbearing and corrupt bureaucratic apparatus, a weak judiciary bending to political influence, nepotism and election frauds. All these issues, when put in the spotlight by the media, in an unbiased and professional manner, can provoke much needed public debate. In such circumstances, BIRN is operating two combined strategies, charitable and commercial.

BIRN's plan for the future is to continue with its charitable work, developing new media projects and publishing independent and trustworthy information. The focus is particularly on developing investigative journalism and on-the-job training.

Our commercial strategy is to progressively reduce BIRN's reliance on donor funding by developing the skills of journalists, our management team and our business/marketing department, to implement stand-alone commercial projects. In the longer term BIRN Ltd is expected to run commercial activities and provide a large proportion of funding for the BIRN hub's charitable objectives. BIRN will improve its web offering in terms of functionality, scope and look and feel leading to an improvement in sales, of both online subscriptions and advertising. At the same time, we are pursuing additional revenue generating models including affiliate programs and the development of a research unit within the network.

# Balkan Investigative Reporting Regional Network

## Regional Director's report (*continued*)

	<b>Balkan Investigative Regional Reporting Network – BIRN HUB</b>
<b>Mission and Vision:</b>	BIRN Network Vision: to secure its position as the premier Balkan investigative and analytical journalism Association, addressing the need for objective, quality, sustainable reporting on the regions political, economic and EU integration challenges.
<b>Strategic Period:</b>	2009 - 2011
<b>Challenges:</b>	<ul style="list-style-type: none"> <li>○ Media changes in the Balkans through training information dissemination, public debates and institution-building.</li> <li>○ Improvement of journalists' professional ability to produce relevant reporting that can have an impact on societies, opinion-shapers and decision-makers in the Balkans.</li> <li>○ Long-term sustainability in terms of financing, staffing, working systems and Associational structure.</li> <li>○ Raising awareness of key issues and allowing an informed response to the region's continuing challenges such as transitional justice, human rights, post-conflict society building and European integration.</li> </ul>
<b>Approach:</b>	<ul style="list-style-type: none"> <li>○ BIRN plans to maintain its unique two fold – <b>charitable and commercialization strategy</b></li> </ul> <p><b>Charitable strategy</b> will further advance:</p> <ul style="list-style-type: none"> <li>○ regional approach that offers a huge opportunity for journalists and media specialists to work collaboratively on issues of great importance for the whole region.</li> <li>○ Training and capacity building of the Network.</li> <li>○ Investigative journalism Initiative with Summer School of Investigative reporting as a pilot project in 2010</li> <li>○ Continuation of BFJE multi-annual program and its expansion through alumni activities including regular meetings and publishing of fellow's projects on <a href="http://fellowship.birn.eu.com/en/main/programme">http://fellowship.birn.eu.com/en/main/programme</a></li> <li>○ BICCED multi-annual programme</li> <li>○ Publishing Serbian Albanian version of investigative Handbook Digging Deeper.</li> <li>○ Using transitional Justice experience acquired in Bosnia and Herzegovina to expand program in the Balkans and in Africa</li> <li>○ Albanian investigative programme</li> <li>○ Further development of BIRN's websites</li> </ul> <p><b>Commercialisation strategy:</b></p> <p>The commercialization program aims at developing elements of Network's activities to become income generating and to secure a stronger financial position for independent media.</p> <ul style="list-style-type: none"> <li>○ Content management further system development</li> <li>○ Premium content sales further improvements</li> <li>○ Web site advertising</li> <li>○ Content syndication start up</li> <li>○ Job portal further development</li> <li>○ Research and Profiling strategy designed</li> </ul>

# Balkan Investigative Reporting Regional Network

## Regional Director's report (*continued*)

	<ul style="list-style-type: none"> <li>○ Belgrade Insight newspaper revenue increased through ad sales</li> <li>○ Summer school business plan to be prepared and based on that attendance fees to be charged from 2011</li> <li>○ Establish partnerships with universities and media publishers to offer specialised curriculum for investigative reporting</li> </ul>
<b>Sustainability:</b>	<ul style="list-style-type: none"> <li>○ BIRN already transformed key elements of our media development programme into a commercially viable operation and sustainable media development work for the long term and the benefits of the region's citizens.</li> <li>○ We have been successful in selling subscriptions to our premium content, published on the Balkan Insight website and launching Belgrade Insight – the only English language weekly newspaper in Serbia, with the plan to secure its production by selling advertising space.</li> </ul>
<b>Expected Results:</b>	<ul style="list-style-type: none"> <li>- Decreased donor dependency with half of the annual budget for training, editing, the publication of the Balkan Insight web site and our printed output, covered from revenue, achieved through the development of online advertising, subscriptions both individual and institutional, and revenue from advertising in print publications.</li> <li>- Improved skills in news agency reporting, analytical reporting and investigative reporting among a wide cadre of journalists</li> <li>- Establishment of an effective marketing, sales and web commercialisation team, generating significantly increased revenues, providing additional income and offering greater stability for the activities of the Association.</li> </ul>
<b>Resources and Contact:</b>	<p>Bosnia-Herzegovina, Kosevo 14/1, 71000 Sarajevo +387 33 215 293</p> <p>Serbia, Kneginje Ljubice 12, 11000 Belgrade +381 11 32 83 322</p> <p>Email: <a href="mailto:office@birn.eu.com">office@birn.eu.com</a> <a href="http://www.Birn.eu.com">www.Birn.eu.com</a> , <a href="http://www.BalkanInsight.com">www.BalkanInsight.com</a></p>

31 May 2010

Gordana Igric  
Regional Director

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# **Balkan Investigative Reporting Regional Network**

## **Statement of the Regional Director's responsibilities**

The Regional Director is required to prepare unconsolidated financial statements for each financial year which give a true and fair view of the financial position of the Association and of the results of its operations and cash flows, in accordance with applicable accounting standards, and is responsible for maintaining proper accounting records to enable the preparation of such financial statements at any time. She has a general responsibility for taking such steps as are reasonably available to her to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Regional Director is responsible for selecting suitable accounting policies to conform with applicable accounting standards and then apply them consistently; make judgments and estimates that are reasonable and prudent; and prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in operations.

The financial statements set out on pages 5 to 29 were authorised by the Regional Director on 31 May 2010 for issue to the Association and are signed below to signify this.

Gordana Igric  
*Regional Director*

# **Independent auditors' report to the Balkan Investigative Reporting Regional Network**

We have audited the accompanying unconsolidated financial statements of the Balkan Investigative Reporting Regional Network ("BIRN"), which comprise the unconsolidated balance sheet as at 31 December 2009, and the unconsolidated income statement, unconsolidated statement of changes in equity and unconsolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## *Director's Responsibility for the Financial Statements*

The Regional Director is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting regulations and requirements of the Federation of Bosnia and Herzegovina. The Regional Director's responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## *Auditors' Responsibility*

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 relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 our 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, we consider 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 principles 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 opinion.

## *Opinion*

In our opinion, the separate financial statements give a true and fair view of the unconsolidated financial position of the Association as at 31 December 2009, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the accounting regulations and requirements of the Federation of Bosnia and Herzegovina.

**KPMG B-H d.o.o. za reviziju**

Fra Anđela Zvizdovića 1/XIII  
71000 Sarajevo  
Bosnia and Herzegovina

31 May 2010

# Balkan Investigative Reporting Regional Network

## Unconsolidated income statement

*For the year ended 31 December 2009*

	<i>Note</i>	<b>2009 BAM</b>	2008 BAM
Contributions	5	<b>930,255</b>	1,224,272
Other income	6	<b>195,420</b>	75,143
		<hr/>	<hr/>
<b>Total income</b>		<b>1,125,675</b>	1,299,415
		<hr/>	<hr/>
Staff costs	7	<b>(683,214)</b>	(857,210)
Other operating expenses	8	<b>(434,245)</b>	(437,570)
Depreciation and amortisation		<b>(5,538)</b>	(4,599)
		<hr/>	<hr/>
<b>Total operating costs</b>		<b>(1,121,997)</b>	(1,299,379)
		<hr/>	<hr/>
Financial income	9	<b>1,338</b>	2,089
Financial expense	9	<b>(9,985)</b>	(5,388)
		<hr/>	<hr/>
<b>Net financial expenses</b>		<b>(8,647)</b>	(3,299)
		<hr/>	<hr/>
<b>Net (deficit) for the year</b>		<b>(4,969)</b>	(3,263)
		<hr/> <hr/>	<hr/> <hr/>

The notes set out on pages 16-29 are an integral part of these financial statements.

# Balkan Investigative Reporting Regional Network

## Unconsolidated balance sheet

As at 31 December 2009

	<i>Note</i>	<b>2009 BAM</b>	2008 BAM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	<i>10</i>	<b>6,935</b>	11,914
Investments	<i>11</i>	<b>978</b>	978
<b>Total non-current assets</b>		<b>7,913</b>	12,892
<b>Current assets</b>			
Receivables from donors and other receivables	<i>12</i>	<b>46,334</b>	64,941
Cash and cash equivalents	<i>13</i>	<b>222,534</b>	98,140
<b>Total current assets</b>		<b>268,868</b>	163,081
<b>TOTAL ASSETS</b>		<b>276,781</b>	175,973
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Retained surpluses		<b>64,321</b>	69,290
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>15,370</b>	24,561
Deferred income	<i>15</i>	<b>197,090</b>	82,122
<b>Total current liabilities</b>		<b>212,460</b>	106,683
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>276,781</b>	175,225

The notes set out on pages 16-29 are an integral part of these financial statements.

# **Balkan Investigative Reporting Regional Network**

## **Unconsolidated statement of changes in equity**

*For the year ended 31 December 2009*

	<b>BAM</b>
As at 1 January 2008	72,553
Deficit for the year	(3,263)
	<hr/>
<b>As at 31 December 2008</b>	<b>69,290</b>
As at 1 January 2009	<b>69,290</b>
Deficit for the year	<b>(4,969)</b>
	<hr/>
<b>As at 31 December 2009</b>	<b>64,321</b>
	<hr/> <hr/>

The notes set out on pages 16-29 are an integral part of these financial statements.



# Balkan Investigative Reporting Regional Network

## Unconsolidated statement of cash flow

For the year ended 31 December 2009

	<i>Note</i>	<b>2009 BAM</b>	2008 BAM
<b>Operating activities</b>			
Net (deficit) for the year		<b>(4,969)</b>	(3,263)
Adjustments for:			
Depreciation and amortization		<b>5,538</b>	4,599
		<hr/>	<hr/>
Operating cash flow before working capital changes		<b>569</b>	1,336
(Increase) /decrease in trade and other receivables		<b>18,613</b>	(63,759)
Increase/ (decrease) in trade and other payables		<b>8,334</b>	(20,596)
Increase/(Decrease) in deferred income		<b>97,437</b>	(298,393)
		<hr/>	<hr/>
<b>Cash from working capital changes</b>		<b>124,384</b>	(382,748)
		<hr/>	<hr/>
<i>Net cash from operating activities</i>		<b>124,953</b>	(381,412)
		<hr/>	<hr/>
<b>Investing activities</b>			
Purchase of property, plant and equipment		<b>(559)</b>	(8,200)
		<hr/>	<hr/>
<i>Net cash used from investing activities</i>		<b>(559)</b>	(8,200)
		<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>		<b>124,394</b>	(389,612)
Cash and cash equivalents at beginning of year	<i>13</i>	<b>98,140</b>	487,752
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	<i>13</i>	<b>222,534</b>	98,140
		<hr/> <hr/>	<hr/> <hr/>

The notes set out on pages 16-29 are an integral part of these financial statements.

# Balkan Investigative Reporting Regional Network

## Notes to the financial statements (*forming part of the financial statements*)

### 1 Reporting entity

The Balkan Investigative Regional Reporting Network (BIRN), established in autumn 2005 as a citizen association in accordance with the Law on Foundations and Associations of BiH, runs a long term strategic programme of media development and training, which supports development of democracy, good governance and the rule of law in the region as part of long-term regional and European integration.

The following accounting policies have been applied consistently in dealing with items, which are considered material in relation to the financial statements of the Association.

### 2 Basis of preparation

#### (a) *Statement of compliance*

The financial statements have been prepared in accordance with the Law on accounting and audit of the FBiH (Official Gazette of the FBiH, 83/09), accounting standards that apply in the FBiH, published by the Association of Accountants, Auditors and Financial Professionals of the FBiH (based on powers granted by the Commission for Accounting and Auditing of BiH no. 5/07). Regional Director believes, based on understanding of the Law on accounting and audit of the F BiH, that the Association is not required to prepare consolidated financial statements, given that the Association is a non for profit and therefore should be exempt from a commercial consolidation.

The financial statements were approved by the Regional Director on 31 May 2010.

#### (b) *Basis of measurement*

The financial statements are prepared in accordance with the historical cost convention.

#### (c) *Functional and presentation currency*

The functional currency in which the financial statements are presented is BAM.

#### (d) *Going Concern*

The ability of BIRN to maintain its operations is dependent inter alia on the continuing support of various institutions (both government and private) by way of grants.

The financial statements have been prepared under the going concern principle.

#### (e) *Use of estimates and judgements*

The preparation of financial statements requires Regional Director to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the *note 18*.

# Balkan Investigative Reporting Regional Network

## Notes to the financial statements (*continued*)

### 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

#### (a) *Foreign currencies*

Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing at the date of the transactions or the rate as reported on the first day of the month. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income and expenditure statement.

Non-monetary assets and items that are measured in terms of the historical cost of a foreign currency are retranslated using the exchange rate at the date of the transaction.

#### (b) *Financial instruments*

##### (i) *Non-derivative financial instruments*

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Association becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Association's contractual rights to the cash flows from the financial assets expire or if the Association transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, that is, the date that the Association commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Association's obligations specified in the contract expire or are discharged or cancelled.

#### (c) *Income*

##### *Restricted donors' contributions (Grants)*

Grants are recognised as revenue in the income statement in the same period in which the expenses are incurred. Allowable expenses under such grants are specified in grant agreements.

##### *Unrestricted donors' contributions (Donations)*

Donations which are received for the overall BIRN activities are recognised as income when received, unless donation contracts specifically state for which period the funds are intended. In such cases donations are recognised as deferred income and subsequently recognised as revenue in the contracted period.

##### *Other income*

Revenue from services is recognised in the income statement in proportion to the stage of completion of the transaction at the reporting date.

# Balkan Investigative Reporting Regional Network

## Notes to the financial statements (*continued*)

### 3 Significant accounting policies (*continued*)

#### (d) *Property, plant and equipment*

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (refer to Note 3(f)).

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Where major components of an item of property, plant and equipment have different estimated useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Association and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in income statement as incurred.

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land and assets in the course of construction are not depreciated.

The estimated useful lives are as follows:

Plant and equipment	3 – 5 years
---------------------	-------------

Depreciation method, useful lives and residual values are reassessed at the reporting date.

#### (e) *Intangible assets*

Intangible assets comprise software and are measured initially at cost less any accumulated amortization and any accumulated impairment losses (refer to Note 3 (f)).

Subsequent expenditure on capitalized intangible assets is capitalized only if it is probable that it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in the income statement as an expense as incurred.

The estimated useful lives are 2 years. Amortization is recognized in the income statement on a straight-line basis over the estimated useful lives of intangible assets. Amortization method, useful lives and residual values are reassessed at the reporting date.

#### (f) *Investment in subsidiary*

Subsidiary is an entity in which the Association has direct or indirect control over its operations. The Association has the power to govern the financial and operating policies of a subsidiary so as to obtain benefits from its activities. Investment in subsidiary is valued at cost.

#### (g) *Impairment*

The carrying amounts of the Association's non-financial assets, except for property, plant and equipment, are reviewed at each reporting date to determine whether there is any indication for impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an assets or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income and expenditure statement. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their

# Balkan Investigative Reporting Regional Network

## Notes to the financial statements (*continued*)

### 3 Significant accounting policies (*continued*)

#### (f) *Impairment (continued)*

Present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been an indication that an impairment loss may have decreased and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### (g) *Liabilities to donor*

Grant income is recognised in the balance sheet initially as deferred income when it is received.

Deferred income represents the amount of unused grant revenue that has not been expensed in the reporting period.

#### (h) *Employee benefits*

##### *Defined pension funds contributions*

Obligations for contributions to defined pension funds for national staff are recognised as an expense in the income and expenditure statement when incurred.

#### (i) *Interest income*

Interest income is recognised in the income statement as it accrues.

#### (j) *Taxation*

The Association is not subject to taxes on net surpluses from operations.

#### (k) *Cessation of activities*

The remainder of assets of an association or foundation, which is being terminated from the Register, is distributed based on the decision from Association's authorised body, in accordance with the provisions of the Statute.

If the Association's authorised body does not adopt the decision on the distribution of assets before the day of the termination from the Register, the federal ministry or cantonal body will bring the decision on the distribution of the remainder of assets to another association or foundation registered in the Federation that is carrying out same or similar statutory activity.

# Balkan Investigative Reporting Regional Network

## Notes to the financial statements (*continued*)

### 4 Determination of fair values

A number of the Association's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) *On call bank deposits*

The carrying value of on call bank deposits approximate their fair value due to their proximity in nature to cash.

(ii) *Accounts and other receivables/payables*

The carrying amount of accounts and other receivables/payables is deemed to reflect the fair value due to the short-term maturity of these financial instruments.

# Balkan Investigative Reporting Regional Network

## Notes to the financial statements (*continued*)

<b>5</b>	<b>Contributions</b>		
		<b>2009</b>	2008
		<b>BAM</b>	<b>BAM</b>
	<b>Restricted donors' contributions – grants</b>		
	Dutch Ministry of Foreign Affairs	<b>167,827</b>	420,751
	Bosch & Erste	<b>374,502</b>	381,805
	Erste Stiftung	<b>16,578</b>	88,168
	National Endowment for Democracy	<b>42,962</b>	37,318
	Balkan Trust for Democracy	<b>51,290</b>	4,280
	Foundation Open Society	<b>58,376</b>	-
		-----	-----
	<i>Total restricted contributions</i>	<b>711,535</b>	932,322
		-----	-----
	<b>Unrestricted donors' contributions – donations</b>		
	Sigrid Rausing Trust	<b>52,029</b>	133,086
	Rockefeller Brother's Fund	<b>96,240</b>	98,419
	Mott Foundation	<b>70,451</b>	60,445
		-----	-----
	<i>Total unrestricted contributions</i>	<b>218,720</b>	291,950
		-----	-----
	<b>Total contributions</b>	<b>930,255</b>	1,224,272
		=====	=====
<b>6</b>	<b>Other income</b>		
		<b>2009</b>	2008
		<b>BAM</b>	<b>BAM</b>
	Editorial and training services	<b>165,074</b>	61,447
	Web services	<b>14,318</b>	13,696
	Other income	<b>16,028</b>	-
		-----	-----
		<b>195,420</b>	75,143
		=====	=====

# Balkan Investigative Reporting Regional Network

## Notes to the financial statements (*continued*)

### 7 Staff Costs

	<b>2009</b>	2008
	<b>BAM</b>	BAM
Author fees	<b>304,771</b>	576,725
Temporary employment fees	<b>266,353</b>	60,837
Scholarship "Fellowship for Journalist Excellence"	<b>39,116</b>	39,116
Scholarship "Follow-up fund for fellows of the Balkan fellowship for journalistic excellence"	<b>5,105</b>	87,836
Scholarship from Dutch grant	-	3,432
Scholarship from revenue	-	1,956
	<hr/>	<hr/>
	<b>615,345</b>	769,902
	<hr/>	<hr/>
<i>Taxes</i>		
Taxes on author fees	<b>35,183</b>	68,753
Taxes on temporary employment fees	<b>32,686</b>	18,555
	<hr/>	<hr/>
	<b>67,869</b>	87,308
	<hr/>	<hr/>
	<b>683,214</b>	857,210
	<hr/> <hr/>	<hr/> <hr/>

#### (a) *Author fees*

The Association uses services of 94 journalists, 10 editors, 12 translators and 9 administrative staff members (2008: 131 journalists, 10 editors, 14 translators and 9 administrative staff members), domestic and foreign, who participate in implementation of the Association's mission through training events and production of BIRN's online output, the Balkan Insight.

#### (b) *Temporary contract fees*

In 2009 there are 10 staff members employed on temporary service contract terms (2008: four staff members temporarily employed). Total temporary contract fees in 2009 amounted to BAM 299,040 (2008: 60,837).

#### (c) *Scholarships*

In 2009 the Association continued with scholarship program "Fellowship for Journalist Excellence" and the total cost incurred for the purpose of this program was BAM 39,116. The Association also continued new scholarships program "Follow-up fund for fellows of the Balkan fellowship for journalistic excellence" providing scholarship for six students from the Region. The cost of this program was BAM 5,105.

The total cost of the scholarship programs in 2009 was BAM 44,221.

#### (d) *Taxation*

- *Non resident author/service providers*

The Association is obliged to withhold and pay personal income tax at the rate of 10% on gross payments to non resident author and service providers.



# Balkan Investigative Reporting Regional Network

## Notes to the financial statements (*continued*)

### 7 Staff costs (*continued*)

#### (d) *Taxation (continued)*

- *Resident author/service providers*

Payments of gross fees to resident authors/service providers are deducted by a one off rate of 30% and 20% respectively to form social service contribution (“SSC”) base. Aforementioned one off deductions relate to costs of resident author/service providers. Health contributions at the rate of 4% apply on the SSC base.

SSC base deducted by health contributions forms a Personal Income Tax (“PIT”) base, on which PIT at the rate of 10% applies. Aforementioned PIT and health contributions are born by the author/service provider.

SSC contributions for both payments to author and service providers at the rate of 6% apply on the SSC base. 0.5% contribution for protection against accidents and natural disasters applies on the SSC base for both payments to author’s as well as service providers. 0.5% contribution for waterways applies on the SSC base related to the payments to service providers. Aforementioned SSC and contributions are born by the service recipient.

### 8 Other operating expenses

	2009 BAM	2008 BAM
Editing	113,100	32,183
Per diems and travel	54,940	58,690
Rent and utilities	53,364	48,090
Translation	39,319	28,478
Contributors services	38,600	27,085
Bookkeeping services and audit	32,599	28,589
Bank fees and services	29,350	34,306
Promotion of fellowship program	23,897	28,850
Monitoring and publishing	10,560	24,852
Subscriptions	10,934	4,027
Printing	11,503	19,149
Representation	4,429	5,093
Supplies	3,412	3,768
Conference meetings and training expenses	3,141	2,768
Consultancy fees	2,934	6,320
Other expenses	2,163	85,322
	<hr/>	<hr/>
	434,245	437,570
	<hr/> <hr/>	<hr/> <hr/>

# Balkan Investigative Reporting Regional Network

## Notes to the financial statements *(continued)*

### 9 Financial income and expense

	<b>2009</b>	2008
	<b>BAM</b>	BAM
Interest income		-
Foreign exchange gains	<b>1,338</b>	2,089
	<hr/>	<hr/>
<b>Total financial income</b>	<b>1.338</b>	2,089
	<hr/>	<hr/>
Foreign exchange losses	<b>(9,985)</b>	(5,388)
	<hr/>	<hr/>
<b>Total financial expenses</b>	<b>(9,985)</b>	(5,388)
	<hr/>	<hr/>
<b>Net finance costs</b>	<b>(8,647)</b>	(3,299)
	<hr/>	<hr/>

# Balkan Investigative Reporting Regional Network

## Notes to the financial statements (*continued*)

### 10 Plant and equipment

	Plant and equipment BAM
<b>Cost</b>	
Balance at 1 January 2008	11,892
Additions	8,200
	<hr/>
<b>Balance at 31 December 2008</b>	<b>20,092</b>
	<hr/> <hr/>
Balance at 1 January 2009	20,092
Additions	559
	<hr/>
<b>Balance at 31 December 2009</b>	<b>20,651</b>
	<hr/> <hr/>
<b>Accumulated depreciation and impairment losses</b>	
Balance at 1 January 2008	3,579
Charge for the year	4,599
	<hr/>
<b>Balance at 31 December 2008</b>	<b>8,178</b>
	<hr/>
Balance at 1 January 2009	8,178
Charge for the year	5,538
	<hr/>
<b>Balance at 31 December 2009</b>	<b>13,716</b>
	<hr/>
<b>Carrying amount</b>	
At 1 January 2008	8,313
At 31 December 2008	11,914
	<hr/> <hr/>
<b>At 1 January 2009</b>	<b>11,914</b>
<b>At 31 December 2009</b>	<b>6,935</b>
	<hr/> <hr/>

# Balkan Investigative Reporting Regional Network

## Notes to the financial statements (*continued*)

### 11 Investments

	<b>2009</b>	2008
	<b>BAM</b>	BAM
Investments in BIRN d.o.o. Serbia	<b>978</b>	978
	<hr/>	<hr/>
	<b>978</b>	978
	<hr/> <hr/>	<hr/> <hr/>

On 14 August 2007, BIRN invested the amount of BAM 978 for establishment of a company BIRN d.o.o. in Serbia, in accordance with self-sustainability project financed by the Open Society Fund. The Organisation is intended to serve as a sales agency for the output produced by the organisation and to develop commercial activities and though finance via profit or otherwise core BIRN activities.

### 12 Receivables

	<b>2009</b>	2008
	<b>BAM</b>	BAM
Receivables from donors	<b>40,693</b>	64,474
Other receivables	<b>419</b>	467
Prepayments	<b>5,222</b>	-
	<hr/>	<hr/>
	<b>46,334</b>	64,941
	<hr/> <hr/>	<hr/> <hr/>

### 13 Cash and cash equivalents

	<b>2009</b>	2008
	<b>BAM</b>	BAM
Cash at bank	<b>218,411</b>	94,002
Cash in hand	<b>123</b>	138
Short-term deposit	<b>4,000</b>	4,000
	<hr/>	<hr/>
	<b>222,534</b>	98,140
	<hr/> <hr/>	<hr/> <hr/>

BIRN holds current accounts at one domestic bank, Raiffeisen bank d.d.. Effective interest rate for cash held on transaction accounts is in range between 0.3% - 0.7% annually.

Association has short-term deposit which is given as a security for an overdraft on business card which the Association did not use in 2009. Overdraft is allowed up to BAM 4,000.

### 14 Accounts payable

	<b>2009</b>	2008
	<b>BAM</b>	BAM
Suppliers	<b>3,863</b>	-
Liabilities to engaged staff	<b>7,859</b>	984
Liabilities for salary tax	<b>1,566</b>	1,571
Other liabilities	<b>2,082</b>	22,006
	<hr/>	<hr/>
	<b>15,370</b>	24,561
	<hr/> <hr/>	<hr/> <hr/>

# Balkan Investigative Reporting Regional Network

## Notes to the financial statements (*continued*)

### 15 Deferred income

	<b>2009</b>	2008
	<b>BAM</b>	BAM
Swiss cultural programme in Western Balkans	<b>66,010</b>	-
Foundation Open Society Institute (OSI-ZUG)	<b>21,932</b>	-
Erste Stiftung	<b>68,454</b>	16,578
State of the Netherlands	<b>40,694</b>	-
Balkan Trust Fund for Democracy	-	51,290
National Endowment for Democracy	-	14,254
	<hr/>	<hr/>
	<b>197,090</b>	82,122
	<hr/> <hr/>	<hr/> <hr/>

#### *Swiss cultural program for Western Balkans*

The Swiss Cultural Programme in the Western Balkans is run by Pro Helvetia, the Swiss Arts Council, upon mandate of the Swiss Agency for Development and Cooperation SDC, Federal Department of Foreign Affairs. The SCP entrusts to BIRN the implementations of the regional cooperation project (RCP) Balkan's Initiative for Cultural Cooperation, Exchange and Development (BICCED), as a lead implementing Association. Project runs from 1 January 2010 until 31 December 2012. The first installment for this project was received in December 2009 in the amount of CHF 50,607.

#### *Foundation Open Society Institute (OSI-ZUG)*

Purpose of the grant is to provide support to strengthening the internal capacity of BIRN, improving the quality of Balkan Insight website and enlarging its audience; as well as for BIRN's core activity of providing training in investigative journalism on a regional level. The project runs until April 2010.

#### *Erste Stiftung*

Purpose of the funds is to support prolongation of the fellowship program called "Balkan Fellowship for Journalist Excellence" in 2009. The program promotes excellence in journalism in the Balkans and publishes reports on development issues for the region. Funding started in 2008 and was extended in January 2009 for the period ending Decemebr 31<sup>st</sup>, 2009.

#### *State of Netherlands*

Purpose of the awarded funds is to support "Advancing Sustainability of Independent Investigative Online Journalism". The project runs until April 2010.

# Balkan Investigative Reporting Regional Network

## Notes to the financial statements (*continued*)

### 16 Related parties

#### Director's earnings

Regional Director is employed on both, author contract and temporary employment contract. The total reimbursements paid to Regional Director in 2009 in the form of salaries based on temporary employment contract amounted to BAM 58,566 (2008: BAM 80,036) and BAM 6,193 (2008: BAM 13,113) on author's contract (editorial services).

#### Other income from related parties (members of the network)

	<b>2009</b>	2008
	<b>BAM</b>	BAM
BIRN Serbia	<b>37,460</b>	25,148
BIRN Kosovo	<b>92,603</b>	13,334
BIM BiH	<b>11,718</b>	17,725
BIRN d.o.o.	<b>27,888</b>	6,755
	<hr/>	<hr/>
	<b>169,669</b>	62,962
	<hr/> <hr/>	<hr/> <hr/>

#### Expenses to related parties (members of the network)

	<b>2009</b>	2008
	<b>BAM</b>	BAM
BIRN Serbia	<b>95,757</b>	90,942
BIRN Kosovo	<b>47,060</b>	62,997
BIRN Macedonia	<b>65,536</b>	74,890
BIRN Bulgaria	<b>-</b>	16,827
BIRN Romania	<b>2,445</b>	1,956
BIRN d.o.o. Serbia	<b>17,652</b>	12,071
BIM BiH	<b>11,930</b>	15,181
	<hr/>	<hr/>
	<b>240,380</b>	274,864
	<hr/> <hr/>	<hr/> <hr/>

# Balkan Investigative Reporting Regional Network

## Notes to the financial statements (*continued*)

### 17 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors including the expectations of future events that are believed to be reasonable under the circumstances.

#### *Revenue recognition*

Grants (“restricted donors’ contributions”) are recognised as revenue in the income and expenditure statement in the same period in which the expenses are incurred. Allowable expenses under such grants are specified in grant agreements.

Donations (“unrestricted donors’ contributions”) which are received for the overall BIRN activities are recognised as income when received.

#### *Deferred income*

Deferred income represents the amount of unused grant revenue that has not been expensed in the reporting period. In determining the deferred income balance the Association is governed by the expenses incurred for the projects and contracted duration of contracts.

#### *Impairment of receivables*

Trade receivables are estimated on each reporting date and are impaired according to the estimate of the probability to collect the amount stated.

# Balkan Investigative Reporting Regional Network

## Supplementary information – Income statement of BIRN d.o.o. Serbia (unaudited)

The Following table summarises main financial performance indicators of this Company:

	<i>Note</i>	<b>2009</b> <b>BAM</b>	2008 BAM
Revenue – advertising		<b>39,162</b>	31,021
Revenue – subscriptions		<b>40,973</b>	30,047
Other income		<b>49,169</b>	11,846
		<hr/>	<hr/>
<b>Total income</b>		<b>129,304</b>	72,914
		<hr/>	<hr/>
Staff costs		<b>(14,748)</b>	(14,186)
Other operating expenses		<b>(113,083)</b>	(57,752)
Depreciation and amortisation		<b>(363)</b>	(258)
		<hr/>	<hr/>
<b>Total operating costs</b>		<b>(128,194)</b>	(72,196)
		<hr/>	<hr/>
Financial income		<b>1,391</b>	780
Financial expense		<b>(40)</b>	-
		<hr/>	<hr/>
<b>Net financial income</b>		<b>1,351</b>	780
		<hr/>	<hr/>
<b>Net profit for the year</b>		<b>2,461</b>	1,498
		<hr/> <hr/>	<hr/> <hr/>

This is supplemental information and does not form part of the audited financial statements.



# Balkan Investigative Reporting Regional Network

## Supplementary information –Balance sheet of BIRN d.o.o. Serbia (unaudited)

The Following table summarises balance sheet at 31 Dec 2009 of this Company:

	31 Dec 2009 BAM	31 Dec 2008 BAM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Plant and equipment	1,214	1,700
	<hr/>	<hr/>
<b>Total non-current assets</b>	<b>1,214</b>	<b>1,700</b>
	<hr/>	<hr/>
<b>Current assets</b>		
Receivables	835	5,033
Cash and cash equivalents	24,193	25,871
	<hr/>	<hr/>
<b>Total current assets</b>	<b>25,028</b>	<b>30,904</b>
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>26,242</b>	<b>32,604</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	978	978
Retained earnings	3,959	1,498
	<hr/>	<hr/>
	<b>4,937</b>	<b>2,476</b>
	<hr/>	<hr/>
<b>Current liabilities</b>		
Trade and other payables	21,305	30,128
	<hr/>	<hr/>
<b>Total current liabilities</b>	<b>21,305</b>	<b>30,128</b>
	<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>26,242</b>	<b>32,604</b>
	<hr/> <hr/>	<hr/> <hr/>

This is supplemental information and does not form part of the audited financial statements.