

**Balkan Investigative Regional Reporting
Network("BIRN")**

Director's report and
unconsolidated financial
statements

31 December 2010

Balkan Investigative Reporting Regional Network

<i>Contents</i>	<i>Page</i>
Regional Director's report	1 - 9
Statement of the Regional Director's responsibilities	10
Independent auditors' report to Balkan Investigative Regional Reporting Network	11
Unconsolidated income statement	12
Unconsolidated balance sheet	13
Unconsolidated statement of changes in equity	14
Unconsolidated statement of cash flows	15
Notes to the financial statements (forming part of the financial statements)	16–29
Supplementary information	30-31

Balkan Investigative Reporting Regional Network

Regional Director's report

“Balkan Investigative Regional Reporting Network (“BIRN or BIRN Hub”), non for profit entity established in Sarajevo under the laws of FBiH of association and foundations, continues to run several multiannual regional programmes diversifying activities in 3 different areas: training journalist and publishing their work, capacity building for the members of the Network and commercialisation of some of activities, to achieve sustainability,

BIRN Hub is a member of the network of non - governmental organisations in the Balkans. Six members of the BIRN Network - BIRN Serbia, BIRN Bosnia and Herzegovina, BIRN Macedonia, BIRN Kosovo, BIRN Bulgaria (dormant) and BIRN Romania (dormant) are registered as non-governmental organisations and their relations in the Network are regulated with BIRN Hub, and with each other ,according to signed Network regulation rules. BIRN ltd is the company established by BIRN Hub, with the role to promote and commercialise some of activities.

In the previous year, BIRN Hub continued to provide formal workshop and on-the-job trainings for the journalists in the region, publish their articles online and in print, but also to develop internal capacities for members of the network, which improved organisation's efficiency. The main achievement of the organisation is Balkan Insight web site's movement from old Camp Site to brand new CMS (Content Management System) which refreshed and improved web site's performance and appearance. BIRN expanded the number of the topics for analysis, starting with training and publishing more stories on cultural policy in the region.

BIRN Regional Hub Highlights in 2010

1. Journalism Training, Publishing and Dissemination

- Balkan Insight training and publishing;
- Training activities in Albania
- “Balkan's Initiative for Cultural Cooperation, Exchange and Development” programme
- Completed the fourth year of *Balkan Fellowship for Journalistic Excellence* programme, with another 9 journalists that have finished the one year programme;
- Dissemination;
- Journalistic awards and impact.

2. Capacity Building

- Internet Director's web assistant was employed;
- Web company Hack and Tell hired to service the web site;
- Program Manager for Summer School was hired;
- Manager dedicated for selling premium content was hired;
- Sales person dedicated to Belgrade Insight newspaper hired;
- New journalist for Belgrade Insight hired;
- BIRN Hub's Financial Officer's assistant hired;
- BIRN Hub continued to provide web, design, training and editorial services for BIRN Kosovo, Bosnia, Serbia;
- BIRN Network conference held in May in Montenegro for donors and BIRN members;

3. Commercialization

- New www.balkaninsight.com was launched, increasing the number of visitors and subscribers;
- Social network integration and third-party applications designed;
- Subscriptions for Balkan Insight premium content increased, institutional for approx. 30 and individual for approx. 60;
- Secured organization's visibility through republications in local and international media;
- Syndications efforts and selling articles to local media initiated; research completed for regional newspapers and possibilities to syndicate articles for money to local and regional media;

Balkan Investigative Reporting Regional Network

Regional Director's report (*continued*)

- First year of Summer School for Investigative Reporting was organized for 28 regional and international journalist, out of which 9 paid participation fee.

1. Journalist training, publishing and dissemination

- Balkan Insight training and publishing

With around 500 premium articles, more than 4100 news articles in 2010 and daily news services that brought around 17 new stories on a daily bases, Balkan Insight has proven its credibility. Beside journalists from the Balkans, people who produced content for Balkan insight were international media experts and other diplomatic representatives. During the project implementation, Balkan Insight has published 6 investigations, 34 interviews and more than 250 news analysis. Covering the burning issues in the Balkan countries, BIRN's articles were republished numerous times not only in local media, but also in international ones as well. Participants in 2010 Balkan Fellowship for Journalistic Excellence produced 8 investigative reports that had more than 500 republications.

BIRN team has successfully provided in the form of organised workshops trainings for at least 74 journalists (15 from BICCED project, 9 from Balkan Fellowship, 28 from Summer School, 18 journalists were trained for investigative reporting in Albania and 4 in Macedonia) in the past 12 months. Additionally in the process of on the job training BIRN has engaged at least 100 journalists from different media outlets in the Balkans who were trained and published the articles, raising capacity of local media. Journalists who were trained originate from Serbia, Kosovo, Albania, Bosnia and Herzegovina, Romania, Bulgaria, and Macedonia, which gives BIRN great regional strength in terms of each country's representation.

BIRN's editorial output in 2010

- *EU Focus* section on the movement of the Balkan region towards EU membership and integration; *Kosovo Organ Trafficking* - Latest news and insights in the Kosovo organ trafficking affair; *Culture Watch* - News, analysis, events and blogs on culture policy and trends in the Balkans; *Transitional Justice* - Reporting on war crimes trials and transitional justice in the Balkans; *Visa Liberalization* - analysis and in-depth coverage of Balkan path towards EU visa liberalization; *Kosovo-Serbia dispute* - Latest news, analysis, updates on the Kosovo-Serbia dispute; *Macedonia name dispute* - Latest news, insights and blogs on the ongoing name dispute between Greece and (FYR) Macedonia; *Spotlight on South Serbia* - Latest news and insights on political, economic, social and inter-ethnic relations and developments in South Serbia; *Turkey and the Balkans* - Latest news, reports and other articles on Turkey; *Albania political crisis* - Latest news and insights on the political crisis in Albania; *Bosnia Elections 2010* - Latest news, analyses, insights and more on the 2010 general elections in Bosnia and Herzegovina. Additionally, under the umbrella of Balkan Fellowship for Journalist excellence, article produced during this mentoring programme have been published in English in all local languages and republished widely.

- Training activities in Albania

Workshop in Tirana

As a part of the project 'Advancing Independent Investigative Journalism in Albania' BIRN organized a specialized training workshop on news gathering and international standards for a group of young journalists in Tirana on October 13th and 14th 2010. The two day workshop, was led by Balkan Insight Editor in Chief, Gordana Igric, and Besar Likmeta, BIRN's Albania Editor and is based on a curriculum developed by BIRN and available from our website.

During the training session, the team of 14 journalists, was commissioned investigative reports from topics suggested by the journalists and BIRN editors. Journalists expressed their interest in working on these topics and on creation of specific web sections which will bring additional readers to the website.

Balkan Investigative Reporting Regional Network

Regional Director's report (*continued*)

Training agenda can be found at: <http://birn.eu.com/en/1/20/30885/>

With the aim of strengthen professional capacities of journalists and media outlets in Albania, and as a part of BIRN on-the-job follow up training activities, four local reporters have received on the job mentoring and training during the period 1 April – 30 June 2010. The training was organized and delivered by BIRN Albania editor Mr. Besar Likmeta, with an aim to instruct journalists on how to write high-quality articles and produce balanced professional reports.

Twice a week meetings with journalists were organized for discussing editorial issues and story structure. Journalists have also been asked to come up with their own story ideas. During on-the-job training process and with the editorial assistance of Project Manager, these stories were developed into analytical pieces. In the period 1 April – 30 June, four journalists have produced 2 articles, 1 investigation, and 6 analyses.

- *"Balkan's Initiative for Cultural Cooperation, Exchange and Development" programme*

The Balkan Initiative for Cultural Cooperation, Exchange and Development project, a three-year project to be implemented in the period 2010-2012, gathers journalists, cultural activists, experts and institutions focusing on common cultural policy issues, contributing to the change and development of individual country policies. The project covers Albania, Bosnia-Herzegovina, Kosovo, Macedonia and Serbia. In the past period, it has been implemented without major obstacles, achieving establishment of contact and cooperation with 66 cultural organizations, individuals and institutions, and conducting training for 27 journalists (through workshops and on-the-job). The regional conference was organized within the project (2010 in Skopje, Macedonia) with more than 50 participants. The conference was followed by a study trip which was highly appreciated by participants and evaluated as an important part of the project. The project created a specific culture-related web section at the www.BalkanInsight.com, titled *Culture Watch*, where more than 100 analysis were published in the past 13-month period.. The average time spent on the Culture Watch section in 2.25 minutes. The project also publishes a monthly newsletter in four languages (Albanian, English, BCS, and Macedonian), and so far there were 40 newsletters sent to more than 600 subscribers, whose number grows from one to another quarter at a pace of about 25%.

2010 Training in Skopje

The selected journalists were invited to participate at the training organized specifically for the journalists selected within this project. The workshop training had four sessions lead by three BIRN's trainers, Gordana Igric, BIRN Director and Editor in Chief, Ana Petruseva, Managing Editor and Milos Milosavljevic, Web Project Director. The evaluation shows that the participants were satisfied with the content.

Consecutively after the workshop training, a study visit to Skopje was organized for the selected journalists.

- *Completed the fourth year of Balkan Fellowship for Journalistic Excellence programme, with another 9 journalists that have finished the one year programme*

Fourth year of Balkan Fellowship for Journalistic Excellence one year program is completed. Additional 9 journalists have successfully participated in the project. Selected journalists for the Fellowship were introduced to the programme at a seminar in Berlin held in April 2010. Over the six days, the fellows, from all over the Balkans, got to know one another and were enabled to get in-depth insight in the international journalistic standards. The participants were divided into groups and seminar into individual training sessions to help hone their professional approach to research and writing, while meetings with Austrian journalists and experts aimed to inspire new approaches to understanding of the annual the topic.

More details on seminar, topics and trainers you can find by clicking on the links below:
http://fellowship.birn.eu.com/en/main/news_and_updates/27682

Balkan Investigative Reporting Regional Network

Regional Director's report (*continued*)

http://fellowship.birn.eu.com/en/main/news_and_updates/27897

As a program output, Balkan Fellowship for Journalistic Excellence 2010 had published eight cross-regional, in-depth analyses, tackling the topic of taboos in the Balkans. All together, the articles had more than 500 republications.

Their stories can be found in e-book at: <http://fellowship.birn.eu.com/attachment/000001200.pdf>

Investigations Highlights

Two articles specially stirred public debate. The round table on church-media relations was organized following the publication of research of Serbian fellow Ivan Angelovski about shielded pedophilia in Serbian Orthodox Church (http://fellowship.birn.eu.com/en/main/publication_articles_2010/31013/). Kosovo fellow, Jeton Musliu, filmed a documentary movie about his topic (shammed marriages of Kosovar men with EU women, to obtain the EU documents) which is aired on Kosovo television (http://fellowship.birn.eu.com/en/main/publication_articles_2010/30862/).

The first alumni meeting was held by the end of May 2010, in Montenegrin resort Becici where the participants presented highlights of their work and special projects to their alumni-colleagues. Also, they informed them about important awards and scholarships they had obtained and career advances they had made in connection with the Fellowship. Two debates were organized where fellows discussed the current media situation in Balkans, problems they are facing with and specific media environment in each country.

Alumni network supports further cooperation of journalists that were part of Balkan Fellowship for Journalistic Excellence programme, mainly through initiation of mutual projects and joint production (i.e. special focus page "Turkey and the Balkans" on Balkan Insight)

- *Dissemination*

Dissemination of three types of newsletters which raised the visibility of the project:

- Balkan Insight weekly newsletter, disseminated to 12,209 English speaking subscribers each week, approx. 52 newsletters.
- Balkan Insight daily newsletter, distributed every day with the daily news roundup to the media in the region and other organizations to some 2,779 subscribers, approx. 300 newsletters.
- BIRN Update newsletter, containing information directly related to project development and implementation, distributed periodically to donors and partners, approx. 20 newsletters.
- Culture Watch monthly newsletter in 4 different languages disseminated to 631 subscribers, 8 newsletters in 2010
- Justice Report - weekly newsletters in local language and English is sent to over 17,000 email addresses, approx. 50 newsletters;
- Justice Report – daily newsletter in local and English language is sent to around 300 media outlets in the region and internationally, to 150 radio stations in the region; approx. 250 newsletters.

- *Journalistic awards and impact*

Balkan Insight has published an investigation of Romanian journalists, Adrian Mogos, who uncovered modern slavery in the Czech Republic: Fields of Terror – the New Slave Trade in the Heart of Europe <http://www.balkaninsight.com/en/article/investigation-fields-of-terror-the-new-slave-trade-in-the-heart-of-europe>. Journalist won Kurt Schork award for international journalism in 2010 and CEI SEEMO Award for Outstanding Merits in Investigative Journalism.

The investigation “One-Way Tickets to a Belgian Promised Land” (<http://www.balkaninsight.com/en/article/one-way-tickets-to-a-belgian-promised-land>) has brought to the light situation in the region after visa liberalization. Balkan Insight's undercover reporter took a 35 hour bus trip from Presevo in Serbia's south, to Namur in Belgium, in the company of economic migrants desperately seeking a better future in the EU. This article was republished on the front page of Serbian weekly magazine Vreme.

Balkan Investigative Reporting Regional Network

Regional Director's report (*continued*)

1. Capacity Building

- Internet Director's web assistant was employed

Also, Internet Director's web assistant was employed, so that content from the old web site could be successfully transferred and properly tagged on the new one. Process of content transferring from old to the new web platform took significant amount of time and devotion and it was completed.

- Web company Hack and Tell hired to service the web site

Company Hack and Tell services complete Balkan Insight. They are in charge of regular server and web site maintenance, i.e. Banner Module, Country Navigation, Section Navigation, Search field, Username and Password fields Login, Register Link, Access Premium Content link, The Ticker, All Topics link, Newsletter link, RSS page link, User controls, Section Menu (Countries), Category Menu (with subcategories), User Panel, All Topics, Newsletter links, RSS links, etc.

- Program Manager for Summer School was hired

We have employed full time programme manager this year to cover all aspects of investigative initiative programme, which includes also engagement of 6 months for preparation, implementation and reporting on summer school. Manager's activities imply: overseeing web team in preparation of separate web page; moving, tagging old material from the site from last summer school into new CMS (in process currently), preparing new material related to this year summer school (CVs, news updates..) communicating with Sheila Coronel lead trainer over agenda and trainees, communicating with trainers; seeking funding/sponsorships (ongoing); travelling to Opatija and clarifying roles with Croatian society of the journalists over the rented space and computers, securing hotel accommodation; regularly updating social network pages (facebook - <http://www.facebook.com/#!/pages/birn-summer-school-of-investigative-reporting/134191556606316>); as result of last year meeting of different initiatives in the region, keeping the track/calendar of events of others and BIRN (OCCRP, SCOOP, SEEMO) calendar to go online alive with new campaign, etc...

- Manager dedicated for selling premium content was hired

To further enhance our visibility, person dedicated for selling online premium content was additionally employed who is dealing with initiation of campaigns for commercialization and banner exchanges that resulted with increase of subscriptions. Her job is reflected in selling subscriptions for Balkan Insight Premium Content, and running organized campaigns. She was responsible for the research regarding regional media outlets and their interest in buying our articles, which has created solid base for future syndication.

- Sales person dedicated to Belgrade Insight hired

Sales person was hired for selling advertising space in Belgrade Insight. It was necessary to employ person who will be in close contact with possible advertisers and marketing agencies. Having close communication with companies, firms and other possible advertisers brings additional visibility to Belgrade Insight's activities, which was found obligatory in times of economic crises.

- New journalist for Belgrade Insight hired

Belgrade Insight's visibility in Belgrade and newspaper's popularity was indirectly implying that additional journalist is needed in the team. Later feedback from the readers in 2010 proved that

Balkan Investigative Reporting Regional Network

Regional Director's report (*continued*)

reporting eye in the newspaper was good investment, that Belgrade Insight remained fresh which again made distinction between our newspaper and other English print media in the region.

- BIRN Hub's Financial Officer's assistant hired

So that continuous devotion of BIRN Hub's Financial Officer could be sustained, assistant was hired. Financial turnover in previous year could not be maintained by one person only. Since it is of outmost importance for our organization to have healthy financial system running, additional help was provided to our Financial Officer.

- BIRN Hub continued to provide web, design, training and editorial services for BIRN Kosovo, Bosnia, and Serbia

BIRN Hub has provided other network member with training services (i.e. BIRN Regional Director, Gordana Igric implemented training for local journalists for BIRN Bosnia and Herzegovina), editorial services (i.e. Justice Report in Bosnia), covering of all running costs for BIRN Macedonia which deals with editorial management. BIRN's Web Director Milos Milosavljevic has implemented training for all BIRN's employees regarding use of new CMS and its capabilities.

Journalists have also been taught how to optimize their articles for online search, and how to use social media (Facebook, Twitter, LinkedIn and others) to collate additional material for their articles and to promote and disseminate their postings online.

- BIRN Network conference held in May in Montenegro for donors and BIRN members

In May 2010, BIRN conference for donors, employers and employees was organized in Montenegro for the first time. Around 70 journalists, editors, managers, and all employees of BIRN Serbia, Bosnia and Herzegovina, Kosovo, Macedonia, Albania, and Romania presented their local BIRN offices and explained the results of previous project and expected outcomes for ongoing projects as well. At the conference, a lot of regional donors were present, who for the first time had the opportunity to see the strength, width and potentials that our organization possesses.

3. Commercialization

Along the lines of donors request for sustainability, BIRN Hub established in 2007 BIRN Ltd, company in Belgrade, a legal entity for the implementation of organisation's commercial strategy to generate revenue from selling the subscriptions, syndication of the articles, printing newspaper and other commercial programmes that are in process of developing. Company acts as the agent in sale and promotion of BIRN Hub produced content, prints newspaper and occasionally offers web services, by team employed by company. Additionally, BIRN Hub has generated own revenue from giving the services (editorial, training) for members of the Network.

In 2010, BIRN Ltd has acted along the BIRN Hub's commercialisation and sustainability strategy outlined in received grants for the programme *Advancing Sustainability of Independent Online Investigative Journalism*.

Commercialisation strategy was discussed in May 2010, organised around the topic of sustainability, in the meeting of around 80 employees, existing and potential donors.

With the end of 2010, Hub owns 50 per cent of the company while 50 per cents are assigned to the employees of BIRN Network members across the Balkans, according to 3 year plan.

Subscription sales for Balkan Insight's premium content continue to increase, where in 2010 we had at least 50 institutional and over 170 individual subscriptions, while in 2009 around 20 institutions and 110 individuals subscribed for our online premium content. First months of 2011 are showing encouraging results. We continue to work on renewal of existing contracts as well as introduction of new subscribers. Our goal is to continue with these campaigns in 2011, which will increase income and familiarity with a worldwide audience.

Balkan Investigative Reporting Regional Network

Regional Director's report (*continued*)

Institutions paying subscription to Balkan Insight: Columbia University, American University of Bulgaria, European Union Police Mission, European Stability Initiative, Amnesty Int'l, South African Embassy, British Council, NATO PA, Department of Justice Canada, Center for Strategic and International Studies, Land Info, Control Risks, EGF - IPU EUFOR, Swedish Helsinki Committee, Berghof Conflict Research Center, Radio Free Europe, European Parliament, Embassy of Pakistan, Rockefeller Brothers Fund, Clingendael Institute, Fondation Roi Baudoin, Federal Department of Foreign Affairs, LSEE Research Center on South East Europe (London School of Economics), Ingressus BV, Embassy of Finland, Chinese Embassy in Bulgaria, Regional Cooperation Council Secretariat, Auswärtiges Amt, University of Trondheim, NATO Sarajevo, French Office for the Protection of Refugees (O.F.P.R.A), United Nations Mission in Kosovo, Kvinna Till Kvinna, OSI Europe, OECD, Norwegian Ministry of Foreign Affairs, Royal Norwegian Embassy, Embassy of Canada.

Belgrade Insight newspaper has built its credibility since the beginning of the grant. By now, these newspapers are very well recognized in high diplomat circles of Belgrade, as well by numerous foreigners living Serbia's capital. All received feedbacks from our readership indicates that newspapers are providing standardized language, accurate information, and highly skilled and objective journalism.

Belgrade Insight has been distributed to around 500 addresses - airport, hotels, embassies, international companies, diplomatic bodies, restaurants, coffee shops, malls, etc. Newspapers' policy has slightly turning to increase number of subscribers.

Institutions paying subscriptions to Belgrade Insight newspaper: G.L.N. Support International – headquarters in Belgrade, Arabesque, Capital Investment&Consultancy, DAI-USAID, WYG International Limited, Veolia transport – LUV, Delta sport, USAID, Human Dynamics, Microsoft Software, Telenor, ANSA – Agency in Belgrade, Porr Tehnobau branch, Embassy of Japan, Embassy of Sweden, Embassy of Syria, International Red Cross

- New www.balkaninsight.com was launched, increasing the number of visitors and subscribers

Since October 2010 Balkan Insight has launched a state of the art website and CMS with modular design and wide range of possibilities that provides the editorial team with an easy to work with platform, that allows different kind of content, swift changes of pages and extremely user friendly website for the readers.

The new Balkan Insight web site allows journalists, editors and other operators of the web site to create and edit the content, open news sections, categories and manage all the elements of the web site without the need for any kind of additional programming. Web site and its custom based software also allows personnel to have simplified commercial approach. The system also allows easy integration with social networks, third-party application and is easy to expand in any direction the Balkan Insight team may make a strategy for in the future, most notably in terms of commercializing content and services towards greater sustainability of BIRN's online projects. Finally, the system allows BIRN to migrate and improve the remaining web sites and online projects (www.birn.eu.com, www.fellowship.birn.eu.com, www.belgradeinsight.com, www.skockajtebudzet.rs), as well as to start new ones at much reduced costs and with a wider array of features and options to work with.

- Social network integration and third-party applications designed

The flexibility of the CMS also allows editors to easily introduce content from social networks and use open source tools such as Google maps, Twitter feeds and other content distribution applications (weather forecast, flight timetables, live scores, stock market tickers, etc.) to enhance and add value to Balkan Insight's own production across the entire web site.

- Secured organization's visibility through republications in local and international media

BIRN has succeeded in establishing close partnerships with more than 100 media outlets in the Balkans, for example: NIN and Vreme in Serbia, Oslobodjenje in Bosnia, Al Jazeera, European Policy

Balkan Investigative Reporting Regional Network

Regional Director's report (*continued*)

Journal and Slovak Atlantic Commission, Jutarnji List in Croatia, etc. Our banner is featured in blogs and institutions around the world, including Serbian City Club – a diaspora in London.

Republication of our media outputs in these media has secured high visibility of our organization which has led to increase of BIRN's reputation which now represents one of the leading media outlets in the region. Also, BIRN Ltd. had high influence in securing revenue to our organization. Its gradual development has contributed to BIRN's visibility in business sector in the region, where majority of advertising agencies are very well acquainted with our organization by now.

BIRN secured high international impact with more than 1.265.000 page visits on www.balkaninsight.com with more than 49% of the visits by people who had never visited our site before. Majority of our readers came from United States. Serbia was the second, followed by Bosnia and Herzegovina, United Kingdom, Canada, Australia and Germany following, etc.

- Syndications efforts and selling articles to local media initiated; research completed for regional newspapers and possibilities to syndicate articles for money to local and regional media;

By the end of 2010 some media outlets from the region contacted BIRN with requests to republish our articles, while some wanted to pay for the service. Consequently, person in charge of sales was responsible for the preparation of research which would give us insight in possibilities of selling the articles to larger magazines in the region and international media outlets.

At the end of 2010 we started syndication and publishing to the magazines in the region and we have sold articles to NIN and Vreme in Serbia. Also we have contacted Osobodjenje in Sarajevo and they have expressed their interest. Balkan Insight has also succeeded in placing itself on the pages of already well-established online news magazines, including Foreign Policy Journal.

- First year of Summer School for Investigative Reporting was organized where 9 trainees paid participation

BIRN has launched a new project 'Investigative Initiative' that includes BIRN Summer School of Investigative Reporting, Creation of curriculum for MA Investigative Reporting course at Universities across the Balkans (great interest has been shown in Serbia, Albania and Kosovo) and printing the Digging Deeper handbook (http://birn.eu.com/attachment/000000793.pdf?g_download=1) in Serbian and Albanian language. Handbook, with 1000 copies, was distributed throughout the region in less than 4 months. With these three languages it will be ensured that the territory of the Balkans is successfully covered.

These activities will help BIRN in terms of sustainability and the best example is Summer School, where last year 9 participants have paid for the course. It is planned for BIRN Summer School to become traditional summer event in the region, where this year, Sheila Coronel, Director of the Stabile Center for Investigative Journalism and professor of professional practice at Columbia University, New York created training curriculum which will additionally draw attention to possible participants across the Europe.

First BIRN Summer School of Investigative Reporting was held from 22nd till 28th of August 2010 within Petrovaradin fortress in Novi Sad, Serbia. For the Summer School applied more than 35 regional and international young journalists, media experts, students and others. Complete Agenda you can find at: <http://birn.eu.com/en/1/340/28773/>

Balkan Investigative Reporting Regional Network

Regional Director's report (*continued*)

Conclusion

Through developing our activities BIRN aims to sustain and further develop the scope of the independent media in the Balkans. The project's regional approach is unique and wide. No other media outlet or charitable organization in the region offers such an opportunity for journalists and media specialists to work collaboratively on issues of great importance for the whole region. Investigative journalism across the region is often poor and driven by nationalist, business or government interests. BIRN brings the necessary quality and standards of reporting together with the opportunity for wide dissemination of the journalists' work. Online journalism is the future of the media and BIRN's activities bring pioneering efforts in the Balkans.

Should you have any questions regarding this narrative report or the accompanying financial report, please do not hesitate to contact me.

31 May 2011



Gordana Igric
Regional Director

71000 Sarajevo
Bosnia and Herzegovina

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 were authorised by the Regional Director on 21 November 2011 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 financial position as at 31 December 2010, and the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement for the year then ended, and notes, comprising 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 applicable in the Federation of Bosnia and Herzegovina, and for such internal controls that management determines to be necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 unconsolidated financial statements give a true and fair view of the unconsolidated financial position of the Association as at 31 December 2010, 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

21 November 2011

Balkan Investigative Reporting Regional Network

Unconsolidated income statement

For the year ended 31 December 2010

	<i>Note</i>	2010 BAM	2009 BAM
Contributions	5	1,206,956	930,255
Other income	6	159,013	195,420
		<hr/>	<hr/>
Total income		1,365,969	1,125,675
		<hr/>	<hr/>
Staff costs	7	(825,839)	(683,214)
Other operating expenses	8	(569,698)	(434,245)
Depreciation and amortisation		(4,745)	(5,538)
		<hr/>	<hr/>
Total operating costs		(1,400,282)	(1,122,997)
		<hr/>	<hr/>
Financial income	9	8,262	1,338
Financial expense	9	-	(9,985)
		<hr/>	<hr/>
Net financial income		8,262	(8,647)
		<hr/>	<hr/>
Net (deficit) for the year		(26,051)	(4,969)
		<hr/> <hr/>	<hr/> <hr/>

The notes are an integral part of these financial statements.

Balkan Investigative Reporting Regional Network

Unconsolidated balance sheet

As at 31 December 2010

	<i>Note</i>	2010 BAM	2009 BAM
ASSETS			
Non-current assets			
Plant and equipment	10	4,869	6,935
Investments	11	757	978
Total non-current assets		5,626	7,913
Current assets			
Receivables from donors and other receivables	12	18,327	46,334
Cash and cash equivalents	13	249,686	222,534
Total current assets		268,013	268,868
TOTAL ASSETS		273,639	276,781
EQUITY AND LIABILITIES			
Equity			
Retained surpluses		38,270	64,321
Current liabilities			
Trade and other payables	14	9,482	15,370
Deferred income	15	225,887	197,090
Total current liabilities		235,369	212,460
TOTAL EQUITY AND LIABILITIES		273,639	276,781

The notes 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 2010

	BAM
As at 1 January 2009	69,290
Deficit for the year	(4,969)
	<hr/>
As at 31 December 2009	64,321
	<hr/>
As at 1 January 2010	64,321
	<hr/>
Deficit for the year	(26,051)
	<hr/>
As at 31 December 2010	38,270
	<hr/>

The notes are an integral part of these financial statements.

Balkan Investigative Reporting Regional Network

Unconsolidated statement of cash flow

For the year ended 31 December 2010

	<i>Note</i>	2010 BAM	2009 BAM
Operating activities			
Net (deficit) for the year		(26,051)	(4,969)
Adjustments for:			
Depreciation and amortization		4,745	5,538
		<hr/>	<hr/>
Operating cash flow before working capital changes		(21,306)	569
Changes in:			
- Trade and other receivables		28,007	18,613
- Trade and other payables		(5,888)	8,334
- Deferred income		28,797	97,437
		<hr/>	<hr/>
Cash from working capital changes		50,916	124,384
		<hr/>	<hr/>
<i>Net cash from operating activities</i>		29,610	124,953
		<hr/>	<hr/>
Investing activities			
Purchase of property, plant and equipment		(2,679)	(559)
Decrease in investments		221	-
		<hr/>	<hr/>
<i>Net cash used from investing activities</i>		(2,458)	(559)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		27,152	124,394
		<hr/>	<hr/>
Cash and cash equivalents at beginning of year	13	222,534	98,140
		<hr/>	<hr/>
Cash and cash equivalents at end of year	13	249,686	222,534
		<hr/>	<hr/>

The notes 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 Federation of Bosnia and Herzegovina "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

The financial statements were approved by the Regional Director on 21 November 2011.

(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 17*

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 and expenditure 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 overall BIRN activities are recognised as income when received.

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(g)).

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

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:

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 (g)).

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, less impairment losses, if any.

(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*)

(g) *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.

(h) *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.

(i) *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.

(j) *Interest income*

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

(k) *Taxation*

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

(l) *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*)

5	Contributions	2010	2009
		BAM	BAM
	Restricted donors' contributions – grants		
	Bosch & Erste	352,458	374,502
	Swiss Cultural Programme in the Western Balkans	169,372	-
	Norway Ministry of Foreign Affairs	148,709	-
	Balkan Trust for Democracy	88,012	51,290
	Foundation Open Society	70,871	58,376
	National Endowment for Democracy	46,720	42,962
	British Embassy	42,634	-
	Dutch Ministry of Foreign Affairs	40,518	167,827
	Bosch Stiftung	32,132	-
	OSCE	21,905	-
	Erste Stiftung	20,470	16,578
	<i>Total restricted contributions</i>	1,033,801	711,535
	Unrestricted donors' contributions – donations		
	Sigrid Rausing Trust	-	52,029
	Rockefeller Brother's Fund	102,355	96,240
	Mott Foundation	70,800	70,451
	<i>Total unrestricted contributions</i>	173,155	218,720
	Total contributions	1,206,956	930,255
6	Other income	2010	2009
		BAM	BAM
	Editorial and training services	94,226	165,074
	Web services	21,079	14,318
	Other income	43,708	16,028
		159,013	195,420

Balkan Investigative Reporting Regional Network

Notes to the financial statements (*continued*)

7

Staff Costs

	2010 BAM	2009 BAM
Author fees	375,822	304,771
Temporary employment fees	283,337	266,353
Scholarship "Fellowship for Journalist Excellence"	35,205	39,116
Scholarship "Follow-up fund for fellows of the Balkan fellowship for journalistic excellence"	3,677	5,105
Scholarship Fellowship for journalistic excellence - award	37,844	-
Employment contract	19,751	-
	<hr/>	<hr/>
	755,636	615,345
	<hr/>	<hr/>
Taxes		
Taxes on author fees	40,071	35,183
Taxes on temporary employment fees	30,132	32,686
	<hr/>	<hr/>
	70,203	67,869
	<hr/>	<hr/>
	825,839	683,214
	<hr/>	<hr/>

(a) Author fees

The Association uses services of 86 journalists, 13 editors, 12 translators and 9 administrative staff members and 14 other (business management, project coordinator, project management, web management) (2009: 94 journalists, 10 editors, 12 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 2010 there is 18 staff members employed on temporary service contract terms (2009: 10 staff members temporarily employed). Total temporary contract fees in 2010 amounted to BAM 313,469 (2009: 299,039).

(c) Scholarships

In 2010 the Association continued with scholarship program "Fellowship for Journalist Excellence" and the total cost incurred for the purpose of this program was BAM 35,205. The Association also continued new scholarships program "Follow-up fund for fellows of the Balkan fellowship for journalistic excellence" providing scholarship for nine students from the Region. The cost of this program was BAM 3,677.

The total cost of the scholarship programs in 2010 was BAM 38,882.

(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

	2010 BAM	2009 BAM
Conference meetings and training expenses	106,204	3,141
Per diems and travel	73,838	54,940
Rent and utilities	57,732	53,364
Editing	85,007	113,100
Bank fees and services	34,022	29,350
Contributors services	31,775	38,600
Travel fellowship research expense	30,041	-
Promotion of fellowship program	26,079	23,897
Communications	24,025	-
Web services	22,883	-
Bookkeeping services and audit	17,470	32,599
Subscriptions	14,141	10,934
Translation	25,600	39,319
Supplies	6,014	3,412
Representation	3,820	4,429
Printing	1,977	11,503
Consultancy fees	1,751	2,934
Monitoring and publishing	782	10,560
Other expenses	6,537	2,163
	<hr/> 569,698 <hr/>	<hr/> 434,245 <hr/>

Balkan Investigative Reporting Regional Network

Notes to the financial statements (*continued*)

9 Financial income and expense

	2010 BAM	2009 BAM
Interest income	-	-
Foreign exchange gains	8,262	1,338
Total financial income	8,262	1,338
Foreign exchange losses	-	(9,985)
Total financial expenses	-	(9,985)
Net finance income / (costs)	8,262	(8,647)

Balkan Investigative Reporting Regional Network

Notes to the financial statements (*continued*)

10

Plant and equipment

	Plant and equipment BAM
Cost	
Balance at 1 January 2009	20,092
Additions	559
	<hr/>
Balance at 31 December 2009	20,651
	<hr/>
Balance at 1 January 2010	20,651
Additions	2,679
	<hr/>
Balance at 31 December 2010	23,330
	<hr/>
Accumulated depreciation and impairment losses	
Balance at 1 January 2009	8,178
Charge for the year	5,538
	<hr/>
Balance at 31 December 2009	13,716
	<hr/>
Balance at 1 January 2010	13,716
Charge for the year	4,745
	<hr/>
Balance at 31 December 2010	18,461
	<hr/>
Carrying amount	
At 1 January 2009	11,914
At 31 December 2009	6,935
	<hr/>
At 1 January 2010	6,935
At 31 December 2010	4,869
	<hr/>

Balkan Investigative Reporting Regional Network

Notes to the financial statements (*continued*)

11 Investments

	2010 BAM	%	2009 BAM	%
Investments in BIRN d.o.o. Serbia	757	77.41	978	100
	<u>757</u>		<u>978</u>	

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 established Company is intended to serve as a sales agency for the output produced and to develop commercial activities in order to contribute to financing of core BIRN activities.

In 2010, based on the decision made by the Director, transfer of ownership was executed. Ownership stakes are granted to the journalists for their contributions towards Organization who have been working for BIRN since its foundation. The percentage of ownership transferred to the journalists amounts to 22.59%. There are eleven journalists participating in the ownership including the Director. Accordingly, the Court Registration of Birn d.o.o. is updated to reflect this change in the ownership structure, except for the four journalists from Kosovo due to administrative restraints. Their ownership percentage is registered under the name of the Director, together with her stake hold.

The percentage of ownership of BIRN in Birn d.o.o. as at 31 December amounts to 77.41%.

12 Receivables

	2010 BAM	2009 BAM
Receivables from donors	7,790	40,693
Other receivables	31	419
Prepayments	10,506	5,222
	<u>18,327</u>	<u>46,334</u>

13 Cash and cash equivalents

	2010 BAM	2009 BAM
Cash at bank	245,440	218,411
Cash in hand	246	123
Short-term deposit	4,000	4,000
	<u>249,686</u>	<u>222,534</u>

BIRN holds current accounts at one domestic bank, Raiffeisen bank d.d..

Association has short-term deposit which is given as a security for an overdraft on business card. Overdraft is allowed up to BAM 4,000.

Balkan Investigative Reporting Regional Network

Notes to the financial statements (*continued*)

14 Accounts payable

	2010 BAM	2009 BAM
Suppliers	5,579	3,863
Liabilities to engaged staff	-	7,859
Liabilities for salary tax	-	1,566
Other liabilities	3,903	2,082
	<hr/> 9,482	<hr/> 15,370

15 Deferred income

	2010 BAM	2009 BAM
Swiss cultural programme in Western Balkans	16,876	66,010
Foundation Open Society Institute (OSI-ZUG)	-	21,932
Erste Stiftung	25,478	68,454
Bosch & Erste	22,243	-
State of the Netherlands	-	40,694
National Endowment for Democracy	6,085	-
Norway Ministry of Foreign Affairs	150,333	-
OSCE	4,872	-
	<hr/> 225,887	<hr/> 197,090

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.

Erste Stiftung

Purpose of the funds is to support prolongation of the fellowship program called "Balkan Fellowship for Journalist Excellence" in 2010. 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 2010 for the period ending December 31st, 2010.

Bosch & Erste

The Robert Bosch Stiftung GmbH and Die ERSTE Österreichische Spar-Casse Privatstiftung in cooperation agree to prolong the programme "Balkan Fellowship for Journalistic Excellence". The agreement was signed in January 2010 on period of one year until 31 December 2010. Agreement can be renewed by written agreement of both parties.

National Endowment for Democracy

Purpose of the awarded funds is to support "Advancing Investigative Journalism". The project is extended until 31 January 2011.

Norway Ministry of Foreign Affairs

Purpose of the awarded funds is to support "Advancing Sustainability of Independent Online Investigative Journalism". Total amount awarded is NOK 3,273,800 for the period 2010 – 2012.

OSCE

Purpose of the awarded funds is for implementation of the project "Summer School of Investigative Journalism". Agreement was signed in June 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 2010 in the form of salaries based on temporary employment contract amounted to BAM 62,969 (2009: BAM 58,566) and BAM 7,785 (2009: BAM 6,193) on author's contract (editorial services).

Other income from related parties (members of the network)

	2010 BAM	2009 BAM
BIRN Serbia	6,157	37,460
BIRN Kosovo	63,319	92,603
BIM BiH	47,407	11,718
BIRN d.o.o.	21,514	27,888
	<hr/>	<hr/>
	138,397	169,669
	<hr/>	<hr/>

Expenses to related parties (members of the network)

	2010 BAM	2009 BAM
BIRN Serbia	58,284	95,757
BIRN Kosovo	13,863	47,060
BIRN Macedonia	91,367	65,536
BIRN Romania	978	2,445
BIRN d.o.o. Serbia	38,987	17,652
BIM BiH	7,176	11,930
	<hr/>	<hr/>
	210,655	240,380
	<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.

Taxation

Tax calculations are performed based on the Organization’s interpretation of current tax laws and regulations. These calculations which support the tax return may be subjected to review and approval by the local tax authority.

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>	2010 BAM	2009 BAM
Revenue – advertising		25,060	39,162
Revenue – subscriptions		63,701	40,973
Other income		47,401	49,169
Total income		136,162	129,304
Staff costs		(21,723)	(14,748)
Other operating expenses		(116,302)	(113,083)
Depreciation and amortisation		(538)	(363)
Total operating costs		(138,563)	(128,194)
Financial income		1,797	1,391
Financial expense		(25)	(40)
Net financial income		1,772	1,351

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

Balkan Investigative Reporting Regional Network

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

Net profit for the year	(629)	2,461
-------------------------	-------	-------

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 2010 of this Company:

	31 Dec 2010 BAM	31 Dec 2009 BAM
ASSETS		
Non-current assets		
Plant and equipment	1,807	1,214
Total non-current assets	<u>1,807</u>	<u>1,214</u>
Current assets		
Receivables	7,907	835
Cash and cash equivalents	21,803	24,193
Total current assets	<u>29,710</u>	<u>25,028</u>
TOTAL ASSETS	<u><u>31,517</u></u>	<u><u>26,242</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	978	978
Retained earnings	3,330	3,959
	<u>4,308</u>	<u>4,937</u>
Current liabilities		
Trade and other payables	27,209	21,305
Total current liabilities	<u>27,209</u>	<u>21,305</u>
TOTAL EQUITY AND LIABILITIES	<u><u>31,517</u></u>	<u><u>26,242</u></u>

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