

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS REPORT**

**SBUNKER
For the period JANUARY 2018 – DECEMBER 2018**

Independent Auditors' Report

To: The management of Sbunker

We have audited financial statements of Sbunker (the Organization), which comprises the statement of financial position as at 31 December 2018, and the income statement for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of Sbunker, for the year ended 31 December 2018 are prepared, in all material respects, in accordance with the financial reporting requirement of organization and relevant laws in Kosovo.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent from the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Kosovo, and we fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation of the financial statements in accordance with the financial reporting requirements and for such controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Luizim Zeka
Statutory Auditor

Baker Tilly Kosovo
Prishtina, Kosovo
20 June 2019

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Baker Tilly Kosovo L.L.C
Prishtine

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Statements of comprehensive income for the year ended 31 December 2018 (All amounts are in Euro)

For the year ended as at December	Note	2018	2017
Income			
Income from Donations	4	150,918	102,466
Total Income		150,918	102,466
Expenses			
Expenses	5		
Personnel		14,875	10,650
Program Specific Costs		2,064	11,540
Consultants (Contract Services)		81,563	72,756
Travel and Meetings		21,573	802
Supplies and office material		15,765	2,178
Website and other technology services		9,176	1,274
Other Direct costs (Equipment and facilities)		5,902	3,265
Total Expenses		150,918	102,466
Net Surplus		-	-

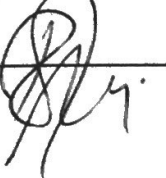
Sbunker

Statement of financial position as at 31 December 2018 (All amounts are in Euro)

Assets	Note	As at 31,December 2018	As at 31,December 2017
Current assets			
Cash & cash equivalents	3	20,283	66,746
Accounts Receivable		417	
Total current assets		20,700	66,746
Non-Current assets			
Equipment		-	-
Total non-current assets		-	-
Total Assets		20,700	66,746
Liabilities			
Short term liabilities			
Tax and Payroll Liabilities		3,090	2,727
Deferred Revenues	4	17,403	63,925
Other liabilities		207	94
Total short term liabilities		20,700	66,746
Total Liabilities		20,700	66,746
Equity			
Opening Balance		-	-
Unrestricted Funds		-	-
Total Equity		-	-
Total Liabilities and Equity		20,700	66,746

These financial statements have been approved and signed on behalf of the management on 05 June 2019 by

Roni Idrizaj, Executive Director




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Statement of cash flow For the year ended 31, December 2018 (All amounts are in Euro)

For the year ended a 31 December	2018	2017
Cash flow from operating activities		
Net surplus/(deficit) for the year	-	-
Changes in operating assets and liabilities	-	-
Depreciation	-	-
(Increase)/Decrease in receivables	(417)	-
(Increase)/Decrease in other advances	-	-
Increase/(Decrease) in payables	-	-
Increase/(Decrease) in payroll liabilities	363	1,401
Increase/(Decrease) in other liabilities	(46,408)	42,939
Net cash flow from operating activities	(46,463)	44,340
Cash flow from investing activities		
Additions in fixed assets	-	-
Net cash flow from investing activities	-	-
Net increase/(decrease)	-	-
Cash and cash equivalents at the beginning of the year	66,746	22,406
Cash and cash equivalent at the end of the year	20,283	66,746

Sbunker

Notes to financial statements For the year ended 31 December 2018 (All amounts are in Euro)

1. Introduction

Sbunker is registered as a non-governmental and non-profit Organization under the Law No. 03/L-134 on Freedom of Associations in Non-Governmental Organizations of the Republic of Kosovo, with their office in Prishtina. Number of registration: 5200340-7.

1.1 Background

Sbunker is a non-governmental organization operating since January 2016. The organization has received salience with its unique nature as a pioneer of New Media formats. During a very short period, the organization established an online blog which attracted a vast number of authors, now reaching over 160, with several content categories and with over 1, 000 articles published to thousands of online readers.

The blog www.sbunker.net is the main product of the Sbunker organization. It has featured high public officials, independent analysts and experts, artists and civil society activists of the country and abroad. So far, it has been able to shape debates over a number of controversial policy issues, most notably on gender equality, free speech and education.

The fast-paced growth of the organization provided with capacities to host events, organize lectures and seminars as well as foster its co-operation with other civil society organizations. In this spirit, Sbunker hosted an event with renowned Nein Quarterly's Eric Jarosinski in May 2016, discussing the identity politics in Kosovo, through satire and the New Media effect. During the same period, Sbunker expanded its media realm, as well as the wider surrounding Kosovar scene by introducing the Thematic Blogs, designed as sub-blogs within Sbunker that carry their own identity and cover a certain theme or subject.

Apart from online content, Sbunker has also entered the visual production range, by collaborating with the Open 333 product on the publication of six video-messages regarding important current affairs.. Public representatives, politicians, civil society activists and professors have appeared in the series thus far.

However, most notably, Sbunker has taken a big leap out of the online realm and into field work, by co-founding the truAktiv school for critical thinking, along with Kosovo 2.0. The program offers days of lectures and blogging workshops to youngsters all around the largest centers of Kosovo, with eminent speakers and wide-range topics, including gender equality, media's role in creating stereotypes regarding minorities, art as a political tool, violent extremism, rule of law and the role of civil society. Part of this project are also movie nights and book giveaways, hosted on Wednesdays, which aim to boost critical thinking within recreational settings with students of Prishtina.

Sbunker looks to expand these initiatives countrywide, and continue pushing the movement for pluralistic and critical debate, while collaborating with a wide range of local and international civil society organizations.

Sbunker

Notes to financial statements For the year ended 31 December 2018 (All amounts are in Euro)

2. Summary of significant accounting policies

2.1 Basis for presentation

For the purposes of financial recording, Sbunker uses accrual method of accounting for reporting the receipt and disbursement of funds. Under this method of reporting of financial transactions, revenues and expenses are recognized when earned and occurred.

2.2 Functional currency

Sbunker incurs transactions in Euros. All amounts reported in the financial report have been translated to EURO using published exchange rates in effect at date of transfers received.

2.3 Receivables

The receivable accounts of the organization are grant receivables from donors.

2.4 Accounts Payables

Utilities, project expenses and payables to partner organizations to whom Sbunker stands as the grantor have been disposed on the financial statements as accounts payable.

2.5 Deferred Income

Deferred Income is the income/donation for which the cash has been collected by the organization, but have yet to be earned. Consequently this liability occurs when Sbunker receives payment in advance for a project to be implemented in future.

2.6 Income taxes

The organization is a non-governmental organization (NGO) whose received donations in the reporting year have been implemented for non-profit purposes. According to law Nr.03/L162 on Corporate Income Tax, NGOs' whose total income was used for their nonprofit purposes are tax exempted.

Sbunker
Notes to financial statements
For the year ended 31 December 2018
(All amounts are in Euro)

3. Cash & Cash equivalents

<u>As at 31 December</u>	<u>2018</u>	<u>2017</u>
1 · 1110339972000142 - PCB	5,191	4,762
2 · 1110339972010133 - PCB	5,254	4,808
3 · 1110339972020124 - PCB	2,148	2,693
4 · 1110339972030115 - PCB	-	6,362
5 · 1110339972040106 - PCB	3,900	693
6 · 1110339972050194 - PCB	1,454	10,840
7 · 1110339972060185 - PCB	2,335	36,571
8 · Petty Cash	-	18
Total	20,283	66,746

4. Deferred Revenues/Incomes

Donor	Balance of Deferred revenues in 2018	Transferred in 2018	Expenses 2018	Returned to Donors	Deferred revenues for the next period
Advocacy Training and Resource Center (ATRC) - USAID	631	3,245	(3,860)	-	16
Civil Rights Defenders	-	10,815	(10,811)	-	4
Kosovar Civil Society Foundation	49,871	59,068	(101,065)	-	7,874
Kosovar Foundation for Open Society	100	5,000	(3,642)	-	1,458
National Endowment for democracy	4,808	24,276	(23,942)	-	5,142
US Embassy Pristina	6,144	-	(4,236)	(1,908)	-
Sbunker	2,052	-	(3,363)	-	(1,311)
QAV"Multimedia":Job1	-	3,900	-	-	3,900
Lëvizja FOL	320	-	-	-	320
Total	63,925	106,304	(150,918)	(1,908)	17,403

5. Expenses

	01/17 US	01/18	02/18	03/17	03/18	04/16	04/18	05/17	05/18	06/16	06/17	TOTAL
Embassy	KCSF-Lux	CRD	KCSF	MM	ATRC	NED	NED	OSI	Sbunker	OSI	OSI	TOTAL
Contract Services												
Accounting Fees	4	111	35	27	-	20	55	68	19	213	-	553
Outside Contract Services	1,281	35,469	5,726	15,121	-	1,382	3,784	14,907	2,130	1,129	-	80,930
Contract Services - Other	-	-	-	80	-	-	-	-	-	-	-	80
Total Contract Services	1,285	35,580	5,761	15,228	-	1,402	3,839	14,976	2,150	1,342	-	81,563
Facilities and Equipment												
Property Insurance	135	-	9	89	-	-	-	-	-	-	-	233
Rent, Parking, Utilities	-	3,180	68	1,734	-	-	104	-	-	-	-	5,086
Facilities and Equipment - Other	584	-	-	-	-	-	-	-	-	-	-	584
Total Facilities and Equipment	719	3,180	77	1,823	-	-	104	-	-	-	-	5,902
Personnel												
Management Staff	-	3,850	2,736	3,150	-	-	363	2,809	-	72	-	12,979
Tax and Pensional Contribution	-	92	-	98	-	-	-	-	-	53	-	243
Personnel - Other	-	1,350	303	-	-	-	-	-	-	-	-	1,653
Total Personnel	-	5,292	3,039	3,248	-	-	363	2,809	-	126	-	14,875
Operations												
Books, Subscriptions, Reference	-	998	-	252	-	720	-	-	-	-	-	1,970
Printing and Copying	348	3,839	-	655	-	237	-	-	-	32	-	5,110
Supplies	139	2,744	34	2,266	-	408	-	386	234	666	-	6,876
Telephone, Telecommunications	503	391	-	295	-	266	55	282	-	18	-	1,810
Total Operations	989	7,972	34	3,467	-	1,632	55	668	234	715	-	15,766
Other Types of Expenses												
Advertising Expenses	105	231	29	430	-	114	-	530	45	219	-	1,703
Other Costs	-	150	-	68	-	-	-	100	-	30	-	348
Web Page Design and Development	-	-	589	3,759	-	-	-	-	-	212	-	4,560
Video recording	-	-	1,000	439	-	-	-	-	-	-	-	1,439
Sound system equipment	150	980	-	-	-	-	-	-	-	-	-	1,130
Total Other Types of Expenses	255	1,361	1,618	4,695	-	114	-	630	45	462	-	9,180
Auditing Cost	-	-	285	-	-	240	-	-	-	706	-	1,231
Program Specific Cost	-	833	-	-	-	-	-	-	-	-	-	833
Travel and Meetings												
Conference, Convention, Meeting	466	14,212	-	2,803	-	405	-	-	1,214	-	-	19,099
Travel	472	414	-	518	-	66	-	500	-	12	-	1,983
Travel and Meetings - Other	50	430	-	7	-	-	-	-	-	-	-	486
Total Travel and Meetings	988	15,055	-	3,328	-	471	-	500	1,214	12	-	21,568
TOTAL	4,236	69,273	10,815	31,787	-	3,860	4,360	19,582	3,642	3,363	-	150,918

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Notes to financial statements
For the year ended 31 December 2018
(All amounts are in Euro)

6. Subsequent events

There is no subsequent event that would require additional adjustments or disclosures in the financial statements.