Regional Press Development Institute

Financial Statement
December 31, 2019

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Russell Bedford
taking you further

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INDEPENDENT AUDITORS' REPORT

TO MANAGEMENT AND SUPERVISORY BOARD OF REGIONAL PRESS DEVELOPMENT INSTITUTE

Opinion

We have audited the financial statements of *REGIONAL PRESS DEVELOPMENT INSTITUTE* (the "Organization"), which are presented in Ukrainian Hryvnia (UAH) on pages 3 to 23 and comprise the statement of financial position as at December 31, 2019, and the statement of profit and loss and comprehensive income, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ukraine, and we have 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 and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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 the Financial Statements

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

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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.

Iryna Shtefanyo
Managing Partner

Russell Bedford RCG
5 Spaska Street, 6th floor
04071, Kyiv, Ukraine
29 December 2020

Regional Press Development Institute

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended December 31, 2019

(in UAH, unless otherwise stated)

	Note	2019	2018
Revenue	5	18 106 946	15 280 037
Total revenue		**18 106 946**	**15 280 037**
Program expenses	6	(18 106 946)	(15 280 037)
Total expenses		**(18 106 946)**	**(15 280 037)**
Unallocated expenses	7		
Administrative and other expenses		(183 600)	(125 676)
Financial income/(expenses), net		1 255	(82 315)
Movement in net funding position		**(182 345)**	**(207 991)**

Regional Press Development Institute

STATEMENT OF FINANCIAL POSITION
as of December 31, 2019

(in UAH, unless otherwise stated)

	Note	31-12-2019	31-12-2018
Assets			
Non-current assets			
Property, plant and equipment	8	75 530	52 221
Total non-current assets		**75 530**	**52 221**
Current Assets			
Targeted financing – receivable	9	96 679	223 418
Prepayments and other assets	10	1 397	611 730
Cash in bank	11	2 869 838	5 165 919
Total current assets		**2 967 914**	**6 001 067**
Total assets		**3 043 444**	**6 053 288**
Liabilities and Net Funding Position			
Current Liabilities			
Targeted financing – payable	9	2 670 380	5 551 287
Accruals and other payables	12	734 082	703 983
Deferred income	13	75 530	52 221
Total current liabilities		**3 479 992**	6 307 491
Total liabilities		**3 479 992**	**6 307 491**
Net funding position			
Unrestricted		(436 548)	(254 203)
Total net funding position		(436 548)	(254 203)
Total liabilities and net funding position		**3 043 444**	**6 053 288**

On 29 December 2020, Management of Regional Press Development Institute authorized these financial statements for issue.

Україна * м. Київ * «Інститут розвитку регіональної преси» Ідентифікаційний код 34531816 Громадська організація

Ludmila Pankratova

Executive Director

Regional Press Development Institute

STATEMENT OF CASH FLOWS
for the year ended December 31, 2019

(in UAH, unless otherwise stated)

	2019	2018
Cash flow from operating activities		
Cash received to cover program services	15 978 361	15 566 963
Currency exchange differences, net	(25 895)	(50 745)
Total cash received	**15 952 466**	**15 516 218**
Cash paid to cover contracted experts' remuneration:		
Experts – project activities	3 373 694	3 165 379
Experts – legal services	1 641 737	1 583 056
Experts – trainers and mentors	1 652 802	1 313 322
Experts – finance services	431 056	377 960
Experts - data analysis	183 500	108 325
Experts - public relations and communication	331 372	27 500
Experts – consulting	-	20 000
Cash paid to cover:		
Events logistics services	4 597 837	3 854 476
Employees' salaries and related taxes	2 498 385	2 527 394
Production of project content	1 637 637	970 542
Grants, awards and incentive payments to program participants	491 075	778 695
Other direct program expenses	267 044	520 502
Office rent and utilities	278 062	293 878
Audit and consulting services	106 250	118 000
Translation services	156 319	84 425
Office maintenances services	18 786	45 204
Telecommunication services	29 026	41 817
Bank services	24 897	22 898
Total cash paid	**17 719 479**	**15 853 373**
Net cash used in operating activities	(1 767 013)	(337 155)
Operating currency exchange difference, net	(529 068)	(293 532)
Net decrease	(2 296 081)	(630 687)
Cash in bank		
Balance as of 1 January	5 165 919	5 796 606
Net decrease for the year	(2 296 081)	(630 687)
Cash in bank, as of 31 December	**2 869 838**	**5 165 919**

(all amounts are in UAH, unless otherwise stated)

Note 1. General information

Regional Press Development Institute (RPDI or the "Organization") is the non-profit non-government organization, incorporated under Ukrainian law as a legal entity in 2006. It has neither share capital, nor retained earnings. The governing bodies of the Organization are management and the Supervisory Board. RPDI is based in Kyiv, Ukraine: Khreshchatyk 44 B, office 301.

Principal activities of the Organization are development and enhancement of the free media profession in Ukraine through training and legal support of media professionals, maintenance of information resources for use by media professionals; promotion of transparency and facilitation of access to information; improvement and promotion of unbiased media coverage of topics of public significance.

Note 2. Basis of preparation

(a) Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the IASB.

(b) Basis of measurement
The financial statements have been prepared under the historical cost convention.

(c) Going concern basis
The financial statements have been prepared on a going concern basis.

(d) Adoption of new and revised International Financial Reporting Standards and Interpretations

During the current year, the Organization adopted all the changes to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2019. This adoption did not have a material effect on the financial statements of the Organization.

At the date of approval of these financial statements, Standards, Revised Standards and Interpretations which were issued by the International Accounting Standards Board are not yet effective. Management expects that the adoption of these financial reporting standards in future periods will not have a material effect on the financial statements of the Organization.

(e) Use of estimates and judgments

The preparation of financial statements in accordance with IFRSs requires from Management the exercise of judgment, to make estimates and assumptions that influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

(all amounts are in UAH, unless otherwise stated)

Note 2. Basis of preparation (cont.)

(e) Use of estimates and judgments (cont.)

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognized in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

(f) Functional and presentation currency

The functional currency of the Organization is the Ukrainian Hryvnia (UAH). Transactions in currencies other than the functional currency are treated as transactions in foreign currencies. Management decided to use Ukrainian Hryvnia (UAH) as the presentation currency for financial and management reporting purposes.

Note 3. Significant accounting policies

The following accounting policies have been applied consistently for all the years presented in these financial statements and in stating the performance and financial position of the Organization.

Foreign currency translation

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Organization at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities are translated into the functional currency at the rates ruling at the end of the reporting period. Foreign exchange gains and losses, arising from transactions in foreign currency, and from translation of monetary assets and liabilities into the functional currency at the rate ruling at the end of the year, are recognized in profit or loss.

(ii) Presentation currency

As the presentation and functional currencies are the Ukrainian Hryvnia (UAH) no relevant translation differences arise.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognized in profit or loss on the straight-line method over the useful lives of each item of property, plant and equipment. Useful lives applied for the current and comparative periods are as follows:

Type of Asset	Years
Computers and office equipment	2-5
Furniture	4
Other equipment	1

(all amounts are in UAH, unless otherwise stated)

Note 3. Significant accounting policies (cont.)

Property, plant and equipment (cont.)

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

Depreciation starts from the following month of the date an asset is available for use, and depreciation is fully accumulated when useful life terminates.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets are measured initially at purchase cost and are amortized on a straight-line basis over their estimated useful lives. Useful live applied for the current and comparative periods is equal to 5 years.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is de-recognized.

Targeted financing – receivable

Targeted financing – receivable arises when cumulative cash tranches received as at reporting date to fund program expenses are less than recognized program expenses as at the same date.

Prepayments and other current assets

Prepayments and other current assets represent regular prepayments to suppliers for goods and services. These are recognized when cash payments are made and are originally measured in the amount of payments. Subsequently these are carried at historic cost less impairment provision.

Cash and cash equivalents

For the purpose of the statements of financial position and cash flows, cash and cash equivalents comprise cash at bank.

Deferred income

Deferred income represents deduction from program revenues and other income in respect of funds received for property, plant and equipment additions and will be recognized as program revenues in profit or loss statements in the future periods when respective depreciation expenses will be incurred.

(all amounts are in UAH, unless otherwise stated)

Note 3. Significant accounting policies (cont.)

Targeted financing – payable

Targeted financing represents current balance of settlements with donors of program revenues. These are recognized when cash tranches are received from donors. During the recognition of expenses, directly related to specific program activities, these balances are released to program revenues in the equivalent amount.

Accruals and other payables

Accruals and other payables represent liabilities incurred by the Organizations in the course of its ordinary activities when relevant payments have not yet been settled. These are carried at amortized cost.

Net funding position

A positive net funding position represents unrestricted resources available to support organizational operations, which arise from prior activities of the Organization, when expenses incurred for specific programs and unallocated expenses were less then assets received from donors for the same purpose and zero targeted financing balances were confirmed by the donors. Conversely, if expenses incurred for specific programs and unallocated expenses exceed assets received from donors for the same purpose and zero targeted financing balances are confirmed by the donor, a negative net funding position arises. At each reporting date net funding position represents undesignated own funds and property, plant and equipment unrestricted for use less accrued liabilities, not related to any donor-financed program activities.

Program revenues

Program revenues are recognized in the amount of expenses incurred for program activities and in the period when these expenses are incurred. RPDI does not account for contributions to be received in the form of unconditional promises to give or pledges as revenue.

The Organization receives funding from donors. The Organization does not have any sources of income, other than funds obtained as grants, sub-grants or under cooperation agreements, partnership agreements and service contracts.

Expenses

Expenses are recognized on the accrual basis. Program expenses include direct program expenses and allocated joint costs.

Leases

The Organization has adopted IFRS 16 Leases (IFRS 16) starting from 1 January 2019. The adoption did not have a significant impact on its financial statements. The updated accounting policy applied to account for leases is set out below.

At inception of a contract, the Organization assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Organization uses the definition of a lease in IFRS 16 Leases.

(all amounts are in UAH, unless otherwise stated)

Note 3. Significant accounting policies (cont.)

Leases (cont.)

(i) As a lessee

The Organization recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Organization by the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Organization's incremental borrowing rate. Generally, the Organization uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Organization's estimate of the amount expected to be payable under a residual value guarantee, if the Organization changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

The Organization used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Organization:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term.

(ii) As a lessor

The Organization does not have arrangements where it acts as a lessor.

Tax status

The Foundation is a not-for-profit organization exempt from income tax and VAT under Ukrainian Law.

(all amounts are in UAH, unless otherwise stated)

Note 4. Operating segments

A reportable segment is a detachable component of the Organization's activities which represents main areas of statutory objectives. The Organization receives financing from donors for implementation of these statutory objectives. Reportable segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The operating components have independent revenues and are managed separately. As the Organization is established as non-profit NGO, reportable segments' expenses are equals to relevant revenues and managed separately from other segments as well. All expenses are allocated to specific reportable segments, except general administrative expenses which could not be directly allocated. Like profit and loss items, at each reporting date all balance sheet items are allocated to specific reportable segments, except those which could not be allocated.

In each reporting period there were no intra-segment transactions, as well as vertical integration between reportable segments.

In the year ended 31 December 2019 the Organization identified the following reportable segments:

1) Training and education for media professionals;
2) Legal support and media law education;
3) Improvement of unbiased media coverage of women and minorities;
4) Development of investigative journalists' networks;
5) Media Literacy.

(all amounts are in UAH, unless otherwise stated)

Note 4. Operating segments (cont.)

Reportable segments as at and for the year ended 31 December 2019 were as follows:

	Training and education for media professionals	Legal support and media law education	Promoting of government transparency and facilitation of access to information	Development of investigative journalists' networks	Improvement of unbiased media coverage of women and minorities	Media Literacy	Unallocated	TOTAL
Revenue	911 871	3 980 791	-	8 485 398	2 318 037	2 410 849	-	18 106 946
Program expenses	(911 871)	(3 980 791)	-	(8 485 398)	(2 318 037)	(2 410 849)	-	(18 106 946)
Net unallocated expenses	-	-	-	-	-	-	(182 345)	(182 345)
Change in net funding position	-	-	-	-	-	-	**(182 345)**	**(182 345)**
As at 31 December 2019								
Non-current assets	3 805	16 605	-	35 395	9 669	10 056	-	75 530
Current assets	262	31 611	-	2 418 382	460 863	56 796	-	2 967 914
Total assets	**4 067**	**48 216**	-	**2 453 777**	**470 532**	**66 852**	-	**3 043 444**
Current liabilities	21 448	421 939	3 984	2 285 588	609 966	136 283	784	3 479 992
Total liabilities	**21 448**	**421 939**	**3 984**	**2 285 588**	**609 966**	**136 283**	**784**	**3 479 992**

(all amounts are in UAH, unless otherwise stated)

Note 4. Operating segments (cont.)

Reportable segments as at and for the year ended 31 December 2018 were as follows:

	Training and education for media professionals	**Legal support and media law education**	**Promoting of government transparency and facilitation of access to information**	**Development of investigative journalists' networks**	**Improvement of unbiased media coverage of women and minorities**	**Media Literacy**	**Unallocated**	**TOTAL**
Revenue	1 603 744	737 700	1 004 721	9 124 307	2 158 891	650 674	-	15 280 037
Program expenses	(1 603 744)	(737 700)	(1 004 721)	(9 124 307)	(2 158 891)	(650 674)	-	(15 280 037)
Net unallocated expenses	-	-	-	-	-	-	(207 991)	(207 991)
Change in net funding position	-	-	-	-	-	-	**(207 991)**	**(207 991)**
As at 31 December 2019								
Non-current assets	5 481	2 521	3 434	31 183	7 378	2 224	-	52 221
Current assets	8 791	328 115	13 124	5 254 011	392 531	4 495	-	6 001 067
Total assets	**14 272**	**330 636**	**16 558**	**5 285 194**	**399 909**	**6 719**	-	**6 053 288**
Current liabilities	53 425	381 415	27 952	5 301 808	489 369	19 947	33 575	6 307 491
Total liabilities	**53 425**	**381 415**	**27 952**	**5 301 808**	**489 369**	**19 947**	**33 575**	**6 307 491**

(all amounts are in UAH, unless otherwise stated)

Note 5. Revenues

During 2019, the Organization obtained funding from different donors under grans, sub-grants, financial supports, cooperative and administration agreements:

	2019	2018
Program revenues	18 163 717	15 296 022
Deduction from revenue	(56 771)	(5 985)
	18 106 946	**15 280 037**

Deduction from revenue represents deferral of revenue in the amount of expenses that will be recognized in future periods.

Program revenues per type of agreements are presented as follows:

	2019	2018
Grants	11 162 179	10 811 225
Sub-grants	3 996 759	2 658 926
Cooperative agreements	2 318 037	1 175 028
Administration agreements	686 742	624 449
Financial supports	-	16 394
	18 163 717	**15 286 022**

Note 5. Revenues (cont.)

Program revenues by Donors are presented as follows:

	2019	2018
Danish Ministry of Foreign Affairs, Danida	6 929 815	6 671 908
Internews Network, Ukraine (U-Media program)	3 597 774	186 700
European Centre for Press and Media Freedom (ECPMF)	2 421 919	1 760 073
National Democratic Institute, USA	2 318 037	2 164 581
Ministry of Foreign Affairs of the Netherlands, Matra	960 354	1 415 796
Global Investigative Jornalism Network, Inc	686 742	624 449
N – ost (N-vestigative), Germany	597 581	147 080
US Embassy, Kiev, Ukraine	252 510	-
German Embassy, Kiev, Ukraine	228 985	-
The International Renaissance Foundation	170 000	-
Internews Network, Ukraine (Increasing Transparency and Countering Corruption in Ukraine)	-	988 327
Internews Network, Ukraine / All-Ukrainian Investigative Reporting Conference	-	568 174
Democratic Society East, Poland	-	494 345
The Institute for Democracy, Media and Cultural Exchange	-	198 959
Intemational Media Support (IMS)	-	49 234
Council of Europe	-	16 394
	18 163 717	**15 286 022**

(all amounts are in UAH, unless otherwise stated)

Note 6. Program expenses

During 2019, the Organization incurred the following expenses directly related to programs:

	Note	2019	2018
Contracted experts' fees	6.1	7 651 309	6 562 811
Events logistics	6.2	4 953 472	3 556 734
Employee salaries and related taxes	6.3	2 315 382	2 872 170
Production of project content		1 636 822	934 774
Grants, awards and incentive payments to program participants		491 250	643 720
Office rent expenses and utilities		277 362	282 181
Other direct program expenses		265 102	131 974
Translation services		169 987	84 425
Audit and consulting services		106 250	82 000
Unused vacation expenses and related taxes	6.3	101 348	7 317
Office materials and supplies		44 477	35 659
Telecommunication services		29 026	40 316
Office maintenances		19 187	20 301
Bank services		24 897	18 491
Depreciation and amortization		21 075	7 164
		18 106 946	**15 280 037**

Note 6.1. Contracted experts' fees

Fees of contracted experts are analyzed by the Organization as follows:

By degree of cooperation:

	2019	2018
Regularly contracted experts	5 600 568	5 174 807
Other contracted experts	2 050 741	1 388 004
	7 651 309	**6 562 811**

(all amounts are in UAH, unless otherwise stated)

Note 6.1. Contracted experts' fees (cont.)

By type of remuneration:

	2019	2018
Experts – project activities	3 398 229	3 155 036
Experts – legal services	1 641 738	1 501 482
Experts – trainers and mentors	1 675 079	1 355 588
Experts – financial services	432 056	394 880
Experts – public relations and communication	320 707	27 500
Experts – data analysis	183 500	108 325
Experts – consulting services	-	20 000
	7 651 309	**6 562 811**

By degree of involvement in program activities:

	2019	2018
Support of project activities	4 853 847	3 749 643
General coordination of projects	2 181 355	2 206 385
General costs to organization	616 107	606 783
	7 651 309	**6 562 811**

Note 6.2. Events logistics

	2019	2018
Travel, per diem and accommodation of program participants	1 748 146	2 240 197
Rent of premises for program activities	1 435 002	800 411
Organization and coordination of events	1 770 324	516 126
	4 953 472	**3 556 734**

Note 6.3. Salaries and related charges

	2019	2018
Salaries	1 910 955	2 380 676
Contributions to social funds	404 427	491 494
Unused vacations accrual and related charges	101 348	7 317
	2 416 730	**2 879 487**

(all amounts are in UAH, unless otherwise stated)

Note 7. Movement in net funding position

	2019	2018
As at 1 January	(254 203)	(46 211)
Contracted experts' fees not covered by Donor's funding	-	(99 286)
Impairment of receivables	(63 966)	-
Exchange differences, net	1 255	(82 317)
Salaries and related charges	-	(20 603)
Movement in unallocated unused vacation provision	(110 582)	(9 357)
Audit services	-	(3 000)
Other unallocated (expenses)/income	(9 052)	6 571
As at 31 December	**(436 548)**	**(254 203)**

(all amounts are in UAH, unless otherwise stated)

Note 8. Property, plant & equipment

Cost	Computer and office equipment	Non-current low-value equipment	Total
Balance at 1 January 2018	**250 942**	**60 226**	**311 168**
Additions	12 399	13 148	25 547
Disposals	-	-	-
Balance at 31 December 2018	**263 341**	**73 374**	**336 715**
Depreciation			
Balance at 1 January 2018	**(164 411)**	**(53 851)**	**(218 262)**
Charge for the year	(52 694)	(13 538)	(66 232)
On disposals	-	-	-
Balance at 31 December 2018	**(217 105)**	**(67 389)**	**(284 494)**
Carrying amounts			
Balance at 31 December 2018	**46 236**	**5 985**	**52 221**
Cost			
Balance at 1 January 2019	**263 341**	**73 374**	**336 715**
Additions	71 817	-	71 817
Disposals	-	-	-
Balance at 31 December 2019	**335 158**	**73 374**	**408 532**
Depreciation			
Balance at 1 January 2019	**(217 105)**	**(67 389)**	**(284 494)**
Charge for the year	(42 523)	(5 985)	(48 508)
On disposals	-	-	-
Balance at 31 December 2019	**(259 628)**	**(73 374)**	**(333 002)**
Carrying amounts			
Balance at 31 December 2019	**75 530**	-	**75 530**

Note 9. Targeted financing

Targeted financing by donors is presented as follows:

	2019	2018
Danish Ministry of Foreign Affairs, Danida	(2 110 733)	(3 853 225)
National Democratic Institute, USA	(526 685)	(416 877)
Internews Network, Ukraine (U-Media program)	(32 962)	-
Ministry of Foreign Affairs of the Netherlands, Matra	-	(681 128)
N – ost (N-vestigative), Germany	-	(433 237)
Global Investigative Jornalism Network, Inc	-	(142 144)
Internews Network, Ukraine / All-Ukrainian Investigative Reporting Conference	-	(12 789)
Council of Europe	-	(11 806)
Democratic Society East, Poland	-	(81)
Danish Ministry of Foreign Affairs, Danida	96 679	-
The Institute for Democracy, Media and Cultural Exchange	-	201 592
Internews Network, Ukraine (All-Ukrainian Conference Investigative Journalists)	-	13 532
IMS Partner	-	8 294
	(2 573 701)	**(5 327 869)**

During 2019 the Organization recognized program expenses and related revenue in the amount of UAH 5 202 473 that were incurred/earned but not yet reported to the donor, Danish Ministry of Foreign Affairs, Danida, as the due date for reporting those expenses was 31 March 2020. As such the outstanding balance of targeted financing with Danish Ministry of Foreign Affairs, Danida, as at 31 December 2019 was adjusted accordingly.

Summary of Targeted financing outstanding amounts is presented as follows:

	2019	2018
Targeted financing – receivable	96 679	223 418
Targeted financing – payable	(2 670 380)	(5 551 287)
	(2 573 701)	**(5 327 869)**

(all amounts are in UAH, unless otherwise stated)

Note 10. Prepayments and other assets

At each reporting date prepayments and other assets consist of the following:

	2019	2018
Deferred expenses	-	579 223
Prepayments for services	1 397	30 970
Payroll taxes and contributions prepaid	-	1 537
	1 397	**611 730**

Note 11. Cash in bank

Cash and cash equivalents at each reporting date include accounts opened with Procredit Bank in USD, EUR and UAH.

	2019	2018
Cash in bank denominated in EUR	1 869 753	2 563 433
Cash in bank denominated in UAH	988 171	2 564 972
Cash in bank denominated in USD	11 914	37 514
	2 869 838	**5 165 919**

Note 12. Accruals and other payables

At each reporting date accruals and other payables consist of the following:

	2019	2018
Provision for unused vacation	416 475	416 528
Payables to regularly contracted experts	162 243	125 862
Payables for goods and services	98 388	107 749
Provision for audit services	45 000	45 000
Payroll, related taxes and contributions	11 976	8 844
	734 082	**703 983**

Note 13. Deferred income

At each reporting date deferred income consists of the following:

	2019	2018
Deferred income on unrestricted in use PPE	29 346	36 678
Deferred income on restricted in use PPE	46 184	15 543
	75 530	**52 221**

Note 14. Related party transactions

The Organization is managed by the Board of Directors.

For the purposes of these financial statements, parties related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

According to these criteria the related parties of the Organization are divided into the following categories:

a. Key management personnel;
b. Members of the Board of Directors.

Transactions with related parties for the year 31 December 2019 and 2018 were as follows:

Key management remuneration - Payroll, unused vacation and related taxes

	2019	2018
a. Key management personnel	992 732	970 110
	992 732	**970 110**

Services - Contracted experts' remuneration

	2019	2018
a. Key management personnel	440 973	-
b. Members of the Board of Directors	131 981	376 958
	572 954	**376 958**

(all amounts are in UAH, unless otherwise stated)

Note 14. Related party transactions (cont.)

Outstanding balances with identified related parties as of 31 December 2019 and 2018 were as follows:

Payables for goods and services

	2019	2018
a. Key management personnel	50 181	-
b. Members of the Board of Directors	8 162	8 162
	58 343	**8 162**

Note 15. Contingent liabilities

Pension and other liabilities

Organization's employees receive pension benefits from the State Pension Fund, a Ukrainian Government organization, in accordance with the applicable laws and regulations of Ukraine. The Organization is obliged to contribute a specified percentage of salaries to the State Pension Fund to finance the benefits. The only obligation of the Organization with respect to this pension plan is to make the specified contribution from salaries.

As at 31 December 2019 and 2018, the Organization had no liabilities for any supplementary pension payments, health care, insurance or retirements indemnities to its current or former employees.

Short-term lease commitments

As at 31 December 2019 and 2018 short-term lease commitments of the Organization amounted to UAH 272 844 and UAH 209 880 respectively.

(all amounts are in UAH, unless otherwise stated)

Note 16. Events after reporting date

On 11 March 2020, the World Health Organization declared the Coronavirus COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments are taking increasingly stringent steps to help contain, and in many jurisdictions, now delay, the spread of the virus, including: requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. These measures have slowed down both the broader Ukraine and world economies and the operations of the Organization. During March and April 2020 due to the mentioned restrictions, several scheduled events were initially cancelled but were re-scheduled and conducted afterwards. By the date of this report, all scheduled events continue to take place and previously contracted financing has been obtained in full.

On 31 July 2020, Mrs. Olga Trufanova resigned from the position of Executive Director and Ludmila Pankratova was appointed to this position at the same date.

On 1 October 2020, the Organization signed a new agreement for core-financing with Danish Ministry of Foreign Affairs, Danida, over 3 years with an annual amount of financing set at EUR 100 thousand. The Organization is also in the process of negotiations with several other donors in respect of new programs.

On 29 December 2020 Management of Regional Press Development Institute authorized these financial statements for issue.