

№ 02/05-2018-TP
May 2, 2018

INDEPENDENT AUDITOR'S REPORT

To: the Management of NGO "Detector Media"

Opinion

We have audited the accompanying financial statements of NGO "Detector Media", which comprise the statement of financial position as at December 31, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects the financial position of NGO "Detector Media" as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards of Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statement, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's 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 the auditor's 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, the auditor considers

internal control relevant to the entity's preparation and fair presentation⁴ 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 controls. An audit also includes evaluating the appropriateness of accounting policies 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 audit opinion.

Report on the requirements of other legislative and regulatory acts

Without modifying our opinion, we draw your attention to Note 2.1 of Notes to the financial statements for the year ended on December 31, 2017, which states that at present IFRS do not include defined rules for non-for-profit and non-governmental organizations related to accounting and financial reporting. In cases where the IFRS do not contain information or provide any guidance for the processing of operations specific to the non-for-profit sector, the accounting policy should be based on the general principles of IFRS as specified in the Conceptual Framework of the International Financial Reporting Standards Board for the preparation and presentation of a financial reporting.

Managing Partner

Certified Auditor, Forensic Expert, Ph.D. in Economics

(Certificate series A No.5423

by the Chamber of Auditors of Ukraine)

Certified Auditor

(Certificate series A No.7509

by the Chamber of Auditors of Ukraine)



D.S. Sushko

T.V. Paientko

Date of the Auditor's report – April 19, 2018.

LLP «AF «P.S.P. AUDIT»

23 A, Zolotoustivska Str.,

Kyiv, Ukraine, 01135, /Letter «M»/

tel. +38 044 281 06 07

I. STATEMENT OF FINANCIAL POSITION

(in thousands of USD)

Item	Note	As at 31.12.2017	As at 31.12.2016
Assets			
Fixed assets, net	4	12	8
Intangible assets, net	5	202	125
Advances issued		4	8
Cash and cash equivalents	3	268	167
Total assets		486	308
Reserves and liabilities			
Reserves	9	263	169
Total reserves		263	169
Income of future periods	2.12	213	133
Current provisions	6	5	6
Payables		5	
Total current liabilities		223	139
Total reserves and liabilities		486	308

This Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements.

Head of NGO "Detector Media"



Natalia Lyhachova-Chernolutska

II. STATEMENT OF COMPREHENSIVE INCOME

Statement of Comprehensive Income was prepared according to principle of accrual of income and expenses.

(in thousands of USD)

Item	Notes	2017	2016
Operating income			
Grants, recognized as income	2.13	568	352
		568	352
Operating expenses			
Remuneration for employees (incl. taxes)		(167)	(58)
		(20)	(9)
Social taxes		(14)	(9)
Depreciation		(2)	(3)
Inventories	8	(365)	(273)
Total expenses		(568)	(352)
Net Surplus (deficit)		-	-
Currency differences allocated to provisions		6	6
Translation currency differences		(11)	(13)
Net comprehensive income		(5)	(7)

This Statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the financial statements.

Head of NGO "Detector Media"



Natalia Lyhachova-Chernolutska

III. STATEMENT OF CASH FLOWS

Statement of Cash Flows was prepared according to direct method.

(in thousands of USD)

Item	Note	2017	2016
I. Cash flows from main activities			
Incomings from:			
Donors targeted disbursements received		759	608
Donors refund			(8)
		759	600
Outgoings for:			
Third-party services and sub-grants		(354)	(279)
Payments to employees			(44)
Social Taxes Payment		(141)	(40)
Income tax			-
Purchase of intangible assets		(91)	(120)
Purchase of non-current assets		(11)	(8)
Total	9	(652)	(491)
Net cash flows from main activity		107	109
Opening cash balance		167	64
Exchange differences impact	9	(6)	(6)
Closing cash balance		268	167

This Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the financial statements.

Head of NGO "Detector Media"



Natalia Lyhachova-Chernolutska

9. Flow of the Donors' Cash Funds and matching with reserves

Cash flow on the projects which the Organization implemented in the period from 01.01.2016 to 31.12.2016 using donors' funds:

(in thousands of USD)

Statement on Receipt and Expenditure of the Donors' Cash Funds										
Donor	Project	Cash as at 01.01.2017	Incomings/refund	Effect of change in ex-rates	Outgoings	Cash as at 31.12.2017	Matching with reserves			Reserves
							Accruals as at 31.12.2017	Advance payment as at 31.12.2017	Payables as at 31.12.2017	
Chemonics International Inc.	Ukrainian Confidence Building Initiative (UCBI II) "Identifying the emotional and political drivers of media"	0	2	-0	8	-6		0		-6
U.S. Department of State represented by U.S. Embassy in Kyiv (U.S. Embassy)	Award number: SUP30016GR0237 (Development of media environment by increasing media literacy of the population and increasing professional level of the journalists)	10	0	-0	10	-0		0		-0
U.S. Department of State represented by U.S. Embassy in Kyiv (U.S. Embassy)	Award number: SUP30017GR0253 (Providing audience with useful information about media literacy field with the help of new innovative and interactive product.)	0	14	0	4	10		0		10
Internews Network Inc. (Internews)	Media monitoring and media literacy activities.	0	118	1	113	3		0		3
International Visegrad Fund	Stronger voices for Independent Media in the Eastern Ukraine	0	87	-0	38	50		0		50

National Endowment Democracy (NED)	Fostering Freedom and Transparency in the Media (grant number 2017-143)	0	98	1	86	10			0	10
The Swedish International Development Cooperation Agency (SIDA)	Core support to NGO "Detector Media", 2016-2019	72	264	4	249	84			3	81
The Danish International Development Agency (DANIDA) via MYMEDIA/NIRA S A/S	Detector Media Strategic Plans for 2017-2021	0	158	2	35	121			1	120
Ministry of Foreign Affairs of the state of Netherlands (Matra)	KIE Innovative Tools to Support Investigative Journalism in Ukraine.	50	0	-2	65	-13			1	-14
Ministry of Foreign Affairs of the Czech Republic (Czech Embassy)	Comprehensive Actions to Support Media Education in Ukraine	2	0	-0	2	1			0	1
Civil Society Organization "The Initiative Center to Support Social Action "Ednannia" (Ednannia)	Strengthening the organizational capacity of NGO "Detector Media"	2	2	-0	3	0			0	0
The Office of the High Commissioner of Human Rights (UN)	ARDS/XB/Ukraine/2016 (Overcoming Hate Speech in media (Ukraine))	5	0	-0	7	-2			-1	-1
The Black Sea Trust for Regional Cooperation, a Project of the German Marchall Fund (BST)	Kremlin Influence Index	6	0	-0	6	0			0	0

The Council of Europe	Strengthening freedom of media and establishing a public broadcasting system in Ukraine	-15	16	0	0	0	0	0	0	0	0
The Federal Republic of Germany, represented by the Embassy of Germany in Kyiv (the Embassy of Germany)	Learning German Experience to Improve Journalism in Ukraine	25	0	-0	25	0	0	0	0	0	0
Unrestricted funds	Unrestricted funds	10	0	0	0	10	0	0	0	0	10
Total		167	759	6	652	268	-	-	5	263	