

**Citizens Association CIVIL  
- Center for Freedom Skopje**

**Financial Statements for the Year Ended  
31 December 2016 in accordance with the  
accounting standards accepted in Republic of  
Macedonia  
and**

**Independent Auditor's Report**

May 2017, Skopje

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To:

The Management of

**Citizens Association CIVIL**

- Center for Freedom Skopje

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of "Association of citizens CIVIL", Skopje (in the following text "the Association"), which comprise the Balance Sheet as of 31 December 2016, the Statement of Revenues and Expenses and Statement of Changes in Funds for the year then ended and a summary of significant accounting policies and other explanatory notes.

### *Management's responsibility for the financial statements*

Management of the Association is responsible for the preparation and fair presentation of these financial statements in accordance with the Accounting Law for Non-profit Institutions and the standards for reporting under the cash basis of accounting. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *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 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 judgement, 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 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 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.



To:  
The Management of  
**Citizens Association CIVIL**  
- Center for Freedom Skopje

#### INDEPENDENT AUDITOR'S REPORT (Continued)

##### *Auditor's opinion*

In our opinion, the financial statements of "Association of citizens CIVIL" Skopje give a true and fair view, in all material aspects, of the financial position of the Association as of 31 December 2016, as well as the operating results and the changes in the funds for the year than ended, in accordance with the Accounting Law for Non-profit Institutions and standards for reporting under the cash basis of accounting.

Skopje, 8 May 2017

Certified Auditor  
Zvonko Kocovski



Manager  
Dragan Dimitrov

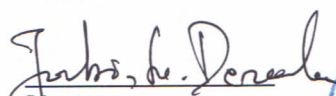


STATEMENT OF REVENUES AND EXPENSES  
For the Year Ended 31 December 2016 and 2015  
In MKD thousands

	Notes	2016	2015
Revenues from donations	4	15.164	6.122
Transferred surplus of revenues		1.311	306
<b>TOTAL REVENUES</b>		<b>16.475</b>	<b>6.428</b>
Operating expenses	5	(14.380)	(4.812)
Capital expenses	6	(296)	(305)
<b>TOTAL EXPENSES</b>		<b>(14.676)</b>	<b>(5.117)</b>
<b>Surplus of revenues over expenses before taxes</b>		<b>1.799</b>	<b>1.311</b>

The accompanying notes form an integral part of these financial statements.

The accompanying financial statements were authorised for issue by the management of the Association on 07 March 2017 and were signed on its behalf by:

  
Director  
Jabir Memedi Derala



**BALANCE SHEET**  
For the Year Ended 31 December 2016 and 2015  
In MKD thousands

	Notes	31 December 2016	31 December 2015
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	627	495
		<u>627</u>	<u>495</u>
<b>CURRENT ASSETS</b>			
Other current assets and prepayments	8	36	89
Cash and cash equivalents	9	1.799	1.311
		<u>1.835</u>	<u>1.400</u>
<b>TOTAL ASSETS</b>		<u><u>2.462</u></u>	<u><u>1.895</u></u>
<b>LIABILITIES AND OPERATING FUND</b>			
<b>OPERATING FUND</b>			
Operating Fund	10	627	495
Surplus of revenues over expenses		1.799	1.311
		<u>2.426</u>	<u>1.806</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable and other short term liabilities, deferral	11	36	89
		<u>36</u>	<u>89</u>
<b>TOTAL LIABILITIES AND FUNDS</b>		<u><u>2.462</u></u>	<u><u>1.895</u></u>

The accompanying notes form an integral part of these financial statements.

**STATEMENT OF CHANGES IN OPERATING FUND**  
**For the Year Ended 31 December 2016 and 2015**  
**In MKD thousands**

	Operating Fund	Surplus of revenues over expenses	TOTAL
Balance as of 01 January 2015	277	306	583
Transferred surplus of revenues over expenses from previous year	-	(306)	(306)
Additions of fixed assets	305	-	305
Depreciation	(87)	-	(87)
Surplus of revenues over expenses	-	1.311	1.311
<b>Balance as of 31 December 2015</b>	<b>495</b>	<b>1.311</b>	<b>1.806</b>
Transferred surplus of revenues over expenses from previous year	-	(1.311)	(1.311)
Additions of fixed assets	296	-	296
Depreciation	(164)	-	(164)
Surplus of revenues over expenses	-	1.799	1.799
<b>Balance as of 31 December 2016</b>	<b>627</b>	<b>1.799</b>	<b>2.426</b>

The accompanying notes form an integral part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**

**For the Year Ended 31 December 2016**

**All amounts are expressed in MKD thousand, unless otherwise stated**

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**1. ESTABLISHMENT AND ACTIVITY OF ASSOCIATION**

Association of Citizens Civil - Center for Freedom is a nonprofit organization founded in 1999.

The association is registered in the Register of other legal entities, established by a free association to achieve its mission of social interest.

The association is located in Skopje, st. Maksim Gorki no.31A /1.

**2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS**

The financial statements of the Association are conducted in accordance with the Non-Profit Organization Accounting Law and the International accounting standards for reporting under the cash basis of accounting, for presentation of the balance sheet items, balances of the assets, liabilities, sources of the assets, revenues and expenses, and the operating results on true, fair, confidential, complete, punctual basis.

The amounts in the statements and the notes are stated in thousands of MKD, except when otherwise indicated in the text.

**3. BASIC ACCOUNTING POLICIES**

The basic accounting policies used for preparation of the financial statements are listed in the following text.

**3.1 Cash and cash equivalents**

The Association's cash comprises of the cash on hand and the cash on bank account in the commercial banks.

Money at the cash account and at the bank accounts stated in domestic currency are presented in the general ledger at their nominal value, while the foreign exchange currency is stated according to the exchange rate of NBRM at the reporting date.

**3.2 Material and non-material investments**

Material and non-material investments (fixed assets) are stated at their cost value. The cost of the fixed assets comprise the purchasing price increased for the import customs, VAT, manipulative expenses and all other expenses that can be added to the cost, i.e. to the purchasing expenses. The operating fund of the Foundation increases for the amount of the value of fixed assets purchased.

**3.3 Depreciation**

Tangible and intangible assets (fixed assets) are depreciated using the straight-line method, so their cost and revaluated amount are depreciated in equal annual amounts during the estimated utilization period of the fixed assets.

The amount of the current depreciation is recorded on the burden of the operating fund.

The depreciation rates, applied by the Association in 2016 are as follows: 20% for intangible assets, 10-20% for electric and computer equipment, 20% for furniture.

The calculation of the depreciation is performed separately for each item, and not for groups of assets.



**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended 31 December 2016

All amounts are expressed in MKD thousand, unless otherwise stated

**3. BASIC ACCOUNTING POLICIES (Continued)**

**3.4 Recognition of the revenues and expenses**

Revenues and expenses of the non-profit organizations are recognized according to the modified accrual basis of accounting.

According to the modified accrual basis of accounting the revenues i.e. expenses are recognized in the accounting period of calculation in which they appear under criteria of measurement and availability. Revenues i.e. expenses are measurable when they can be stated by their value. Revenues i.e. expenses are available when they are realized, i.e. when they appear (paid) in the accounting period or within the period of 30 days after the accounting period, under condition to be related to the accounting period and serve for payment of the liabilities for the period (if liabilities for payment appear in the accounting period).

**3.5 Amounts stated in foreign currency**

The transactions in foreign currency are stated in MKD according to the Official exchange rate of NBRM at the date of transaction.

Foreign exchange assets and liabilities of the balance sheet are stated in MKD according to the official exchange rates on the balance sheet date.

The Income Statement includes the net foreign exchange gains and losses that resulted from the conversion of the amounts in foreign currency in the period when they occur.

The average (closing) exchange rates of the denar related to the foreign exchange currencies (for one unit of foreign exchange currency) as of 31 December are as follows:

	2016	In MKD 2015
EUR	61,4812	61,5947
USD	58,3258	56,3744

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2016

All amounts are expressed in MKD thousand, unless otherwise stated

4. REVENUES FROM DONATIONS

	2016	2015
Revenues from donations	15.164	6.122
<b>Total</b>	<b>15.164</b>	<b>6.122</b>

During 2016 the following revenues from donations were realized:

	Donor	Project	Amount
1	Macedonian Center for International Cooperation	Civica Mobilitas	2.000
2	German Embassy	Free elections for free citizens	1.089
3	National Endowment for Democracy - NED	Civil lens	3.157
4	German Embassy	Forward	4.203
5	American Embassy	We are watching	1.029
6	AEKOM	Freedom Caravan	3.339
7	Heinrich Boll Foundation	Promises and abuses	346
			<b>15.163</b>

5. OPERATING EXPENSES

	2016	2015
Materials and energy	732	127
Services	596	638
Transportation costs	839	223
Maintenance of assets	78	104
Advertising and promotion	676	17
Rent and lease of equipment and space	882	241
Bank charges	60	34
Per diems	204	163
Intellectual services - contract work	9.566	3.265
Other expenses	747	-
<b>Total</b>	<b>14.380</b>	<b>4.812</b>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2016

All amounts are expressed in MKD thousand, unless otherwise stated

6. CAPITAL EXPENSES

	2016	2015
Procured equipment	296	305
Total	296	305

7. PROPERTY, PLANT AND EQUIPMENT

	Equipment and furniture	Vehicle	Total
Cost as of 01 January 2015	188	203	391
Additions	305	-	-
Balance as of 31 December 2016	493	203	696
Additions	296	-	296
Balance as of 31 December 2016	789	203	992
Accumulated depreciation as of 1 January 2015	73	41	114
Depreciation	46	41	87
Balance as of 31 December 2015	119	82	201
Depreciation	123	41	164
Balance as of 31 December 2016	242	123	365
Net book value as of:			
- 31 December 2016	374	121	495
- 31 December 2015	547	80	627

8. OTHER CURRENT ASSETS AND PREPAYMENTS

	2016	2015
Prepayments	36	89
Balance at 31 December	36	89

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended 31 December 2016

All amounts are expressed in MKD thousand, unless otherwise stated

**9. CASH AND CASH EQUIVALENTS**

	2016	2015
Current account	1.754	1.265
Cash in hand	42	46
Other cash equivalents - Business card	3	-
<b>Balance at 31 December</b>	<b>1.799</b>	<b>1.311</b>

**10. OPERATING FUND**

	2016	2015
Operating fund - equipment and vehicles	627	495
<b>Balance at 31 December</b>	<b>627</b>	<b>495</b>

The changes in the Operating fund are stated in the Statement of changes in the operating funds on page 5.

**11. ACCOUNTS PAYABLE AND OTHER SHORT-TERM LIABILITIES**

	2016	2015
Domestic accounts payable	12	83
Other liabilities	24	6
<b>Balance at 31 December</b>	<b>36</b>	<b>89</b>

**12. OFF-BALANCE RECORDS**

As of 31 December 2016 the Association does not have off-balance sheet exposure.

**13. SUBSEQUENT EVENTS**

There are no material subsequent events that would have an impact on understanding of financial statements.