

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

**Financial Statements for the Year Ended
31 December 2017 in accordance with the
accounting standards accepted in Republic of
Macedonia
and**

Independent Auditor's Report

April 2018, 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 2017, 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 2017, 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.

Report on other requirements

The management of the Association is also responsible for preparing the financial report and a list of supporting documents to the financial report, for Civica Mobilitas programme and submitting them to the Macedonian Center for International Cooperation, in accordance with Institutional Grant Agreement.

Our work, in relation to the financial reporting and review of documents in support of the financial report, is made in accordance with ISA 720 and is limited to information whether the historical financial information is presented in the financial report of the Action in accordance with the Institutional Grant Agreement.

In our opinion, the financial report and a list of supporting documents to the financial report for the period 01.01.2017 - 31.12.2017, for Civica Mobilitas programme submitted to the Macedonian Center for International Cooperation, are in accordance with the Institutional Grant Agreement.

Skopje, 23 April 2018

Certified Auditor
Zvonko Kocovski




Manager
Dragan Dimitrov

STATEMENT OF REVENUES AND EXPENSES
For the Year Ended 31 December 2017 and 2016
In MKD thousands

	Notes	2017	2016
Revenues from donations	4	10.093	15.164
Transferred surplus of revenues		1.799	1.311
Other revenues		2	-
TOTAL REVENUES		11.894	16.475
Operating expenses	5	(10.041)	(14.380)
Capital expenses	6	(107)	(296)
TOTAL EXPENSES		(10.148)	(14.676)
Surplus of revenues over expenses before taxes		1.746	1.799

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 12 March 2018 and were signed on its behalf by:


Director
Jabir Memedi Derala



BALANCE SHEET
For the Year Ended 31 December 2017 and 2016
In MKD thousands

	Notes	31 December 2017	31 December 2016
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	529	627
		<u>529</u>	<u>627</u>
CURRENT ASSETS			
Other current assets and prepayments	8	21	36
Cash and cash equivalents	9	1.786	1.799
		<u>1.807</u>	<u>1.835</u>
TOTAL ASSETS		<u>2.336</u>	<u>2.462</u>
LIABILITIES AND OPERATING FUND			
OPERATING FUND			
Operating Fund	10	529	627
Surplus of revenues over expenses		1.746	1.799
		<u>2.275</u>	<u>2.426</u>
CURRENT LIABILITIES			
Accounts payable and other short term liabilities, deferral	11	61	36
		<u>61</u>	<u>36</u>
TOTAL LIABILITIES AND FUNDS		<u>2.336</u>	<u>2.462</u>

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

STATEMENT OF CHANGES IN OPERATING FUND
For the Year Ended 31 December 2017 and 2016
In MKD thousands

	Operating Fund	Surplus of revenues over expenses	TOTAL
Balance as of 01 January 2016	495	1.311	1.806
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
Balance as of 31 December 2016	627	1.799	2.426
Transferred surplus of revenues over expenses from previous year	-	(1.799)	(1.799)
Additions of fixed assets	107	-	107
Depreciation	(205)	-	(205)
Surplus of revenues over expenses	-	1.746	1.746
Balance as of 31 December 2017	529	1.746	2.275

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

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 2017 are as follows: 25% for electric and computer equipment and 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 2017

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:

	2017	In MKD 2016
EUR	61,4907	61,4812
USD	51,2722	58,3258

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

4. REVENUES FROM DONATIONS

	2017	2016
Revenues from donations	10.093	15.164
Total	10.093	15.164

During 2017 the following revenues from donations were realized:

	Donor	Project	2017	2016
1	Macedonian Center for International Cooperation	Civica Mobilitas	1.999	2.000
2	AEKOM	Civil Freedom caravan	462	3.339
3	American Embassy	We are watching	285	1.029
4	Gong	Retroaktiva	153	-
5	German Embassy	Free media for Free society	2.780	-
6	Heinrich Boll Foundation	Society without borders	530	-
7	National Endowment for Democracy - NED	Promoting Transparent and Accountable Political Processes	2.362	-
8	CIVICUS	Civic Space Initiative	101	-
9	USAID	Free elections 2017- Special Elections Monitoring Project	325	-
10	Croatian Journalists Association	No to Censorship - informal group of professionals, citizen journalists and activists	307	-
11	SDC	Domestic Observation of the Local Elections 2017-CIVIL	602	-
12	Other	-	189	-
13	German Embassy	Free elections for free citizens	-	1.089
14	National Endowment for Democracy - NED	Civil lens	-	3.157
15	German Embassy	Forward	-	4.203
16	Heinrich Boll Foundation	Promises and abuses	-	347
			10.095	15.164

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

5. OPERATING EXPENSES

	2017	2016
Materials and energy	523	732
Services	425	596
Transportation costs	212	839
Maintenance of assets	103	78
Advertising and promotion	486	676
Rent and lease of equipment and space	494	882
Bank charges	76	60
Per diems	104	204
Intellectual services - contract work	7.129	9.566
Other expenses	489	747
Total	10.041	14.380

6. CAPITAL EXPENSES

	2017	2016
Procured equipment	107	296
Total	107	296

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

7. PROPERTY, PLANT AND EQUIPMENT

	Equipment and furniture	Vehicle	Total
Cost as of 01 January 2016	493	203	696
Additions	296	-	296
Balance as of 31 December 2016	789	203	992
Additions	107	-	107
Balance as of 31 December 2017	896	203	1.099
Accumulated depreciation as of 1 January 2016	119	82	201
Depreciation	123	41	164
Balance as of 31 December 2016	242	123	365
Depreciation	154	51	205
Balance as of 31 December 2017	396	174	570
Net book value as of:			
- 31 December 2016	547	80	627
- 31 December 2017	500	29	529

8. OTHER CURRENT ASSETS AND PREPAYMENTS

	2017	2016
Receivables from consultants	21	36
Balance at 31 December	21	36

9. CASH AND CASH EQUIVALENTS

	2017	2016
Current account	1.766	1.754
Cash in hand	14	42
Other cash equivalents - Business card	6	3
Balance at 31 December	1.786	1.799

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

10. OPERATING FUND

	<u>2017</u>	<u>2016</u>
Operating fund - equipment and vehicles	529	627
Balance at 31 December	<u>529</u>	<u>627</u>

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

	<u>2017</u>	<u>2016</u>
Domestic accounts payable	22	12
Other liabilities	39	24
Balance at 31 December	<u>61</u>	<u>36</u>

12. OFF-BALANCE RECORDS

As of 31 December 2017 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.