



**Foundation NVO Info
Center of Skopje**

Financial Statements for the Year Ended
31 December 2017 and

Independent Auditor's Report

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To:
The Management of
NVO Info Center, Skopje

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Foundation NVO Info Center, (in the following text "the Foundation"), 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 is responsible for the preparation and fair presentation of these financial statements in accordance with the Accounting Law for Non-profit Organizations 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 the Auditing Standards applicable in the Republic of Macedonia¹. 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.

¹ International Standards on Auditing ("ISA") issued by the International Auditing and Assurance Standards Board (IAASB), which are in effect from 15 December 2009, translated and published in Official Gazette of RM no. 79 from 2010

To:
The Management of
NVO Info Center, Skopje

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's opinion

In our opinion, the financial statements of the NVO Info Center, give a true and fair view, in all material aspects, of the financial position of the Foundation 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 Organizations and standards for reporting under the cash basis of accounting.

Other matters paragraph

The Financial Statements of the Foundation as of 31 December 2015 are presented as not audited.

Certified Auditor, Partner

Darko Kalin

23 April 2018

Director

Darko Kalin

BALANCE SHEET
As of 31 December 2017 and 2016
In MKD thousands

	Notes	2017	2016
Granted donations	4	3.457	3.737
Surplus of revenues from previous years	5	1.679	1.675
TOTAL REVENUES		5.136	5.412
Operating expenses	6	(1.058)	(983)
Expenses for employees	7	(1.645)	(1.388)
Capital expenses	8	(60)	-
Other services	9	(1.227)	(1.360)
TOTAL EXPENSES		(3.990)	(3.731)
Surplus of revenues over expenses before taxes		1.145	1.682
Income Tax	10	(1)	(3)
Surplus of revenues over expenses after taxation		1.144	1.679

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

The accompanying financial statements were authorised for issue by the management of the Institute and were signed on its behalf by:

Biljana Bejkova Josheska

President

BALANCE SHEET
As of 31 December 2017 and 2016
In MKD thousands

	Notes	2017	2016
ASSETS			
NON-CURRENT ASSETS			
Intangible Assets	11	14	29
Property, plant and equipment	12	266	309
		280	338
CURRENT ASSETS			
Cash and cash equivalents	13	1.142	1.616
Other receivables	14	3	44
Prepayments	15	-	19
		1.145	1.679
TOTAL ASSETS		1.425	2.017
LIABILITIES AND OPERATING FUND			
OPERATING FUND			
Operating Fund		280	322
Reserves		-	16
Surplus of revenues over expenses after taxation		1.144	1.679
		1.424	2.017
CURRENT LIABILITIES			
Short-term financial liabilities	16	1	-
		1	-
TOTAL LIABILITIES AND FUNDS		1.425	2.017

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

	Operating Fund	Surplus of revenues over expenses	TOTAL
Balance as of 1 January 2016	372	-	372
Transferred surplus of revenues over expenses from previous year	-	-	-
Acquired fixed assets 2016	-	-	-
Depreciation for 2016	(50)	-	(50)
Reserves	16	-	16
Surplus of revenues over expenses	-	1.679	1.679
Balance as of 31 December 2016	338	1.679	2.017
Balance as of 1 January 2017	338	1.679	2.017
Transferred surplus of revenues over expenses from previous year	-	(1.679)	(1.679)
Purchase of fixed assets	61	-	61
Depreciation for 2017	(118)	-	(118)
Surplus of revenues over expenses for next year	-	1.144	1.144
Balance as of 31 December 2017	281	1.144	1.425

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

1. ESTABLISHMENT AND ACTIVITY

NOTES TO THE FINANCIAL STATEMENTS**For the Year Ended 31 December 2017****All amounts are expressed in MKD thousand, unless otherwise stated**

The Foundation NVO Info Center, Skopje (hereinafter: the Foundation) is a foundation founded on 25.06.2004. The Foundation intensively works to increase the visibility and impact of the civil initiatives in Macedonia, to improve the quality of information that citizens receive from the media about key social processes and events, encourage public debates on key social processes, freedom of expression and freedom of Foundation, and the process of monitoring the efficiency, effectiveness, transparency and accountability of the regulatory bodies, as well as monitoring the work of the Ombudsman of the Republic Macedonia.

The vision of the Foundation is a democratically developed Macedonian society, with an influential, sustainable and transparent civil sector.

The mission of the NVO Info Center is to be the creator of the positive reputation, trust and influence of the civil sector in the society, with developed, constant and sustainable expertise in the field of public relations and public advocacy.

The Foundation is registered in the Central Registry of the Republic of Macedonia with a unique identification number of the subject 5903530 and with activity according to the Decision of the Central Registry with code 94.99 - activities of other organizations based on subscription, not mentioned elsewhere. The Foundation is registered in the Register of Foundations.

The headquarters of the Foundation is Vasil Glavinov number. 3-4 / 2, Skopje, Center.

The total number of employees as at 31 December 2017 amounted 2 employees (December 31, 2016 was 2 employees).

2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Foundation are conducted in accordance with the Non-Profit Organization Accounting Law and the International accounting standards for the public sector on cash basis published in the Republic of Macedonia 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.

Comparative figures for the year ended 2016 are presented from non-audited financial statements.

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 Foundation'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.

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)**3.2 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, non-refundable 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. The revaluation of fixed assets (tangible and intangible assets), is performed because of additional valuation due to the increase of the annual inflation rate, measured with the official industrial product price index. Revaluation basis is the cost of the assets. Revaluated value of the assets is determined by indexing.

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 Foundation in 2017 are as follows: 1-2,5% for property, 10-20% for equipment and transportation assets, 12-16% for furniture and 25% for computers..

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

3.4 Recognition of the revenues and expenses

Revenues and expenses of the non-profit Foundations 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 Income tax*(a) Current Income Tax*

Current income tax represents an amount that is calculated and paid in accordance with the effective Profit Tax Law of the Republic of Macedonia. Income tax is payable at the rate of 10% (2016: 10%) on the tax base reported in the annual corporate income tax return as reduced by any applicable tax credits. The tax base stated in the income tax return includes profit for the year increased for unrecognized expenses, taxable income from related parties and unclosed balances of loans given, in accordance with the regulations in the Income Tax Law, decreased for any tax reliefs.

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)*(b) Deferred taxes*

Deferred taxes are recognized in cases of differences between the carrying amounts of assets and the liabilities in the financial statements and the carrying amounts as per tax regulations and are reported using the balance sheet liability method. Deferred tax liabilities are recognised for all deductible temporary differences given that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. In these financial statements, there are no temporary tax differences.

3.6 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:

In MKD	2017	2016
EUR	61,4907	61,4812
USD	51,2722	58,3258
CHF	52,5472	57,2504

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

4. GRANTED DONATIONS

	<u>2017</u>	<u>2016</u>
Revenues from donations	3.457	3.737
Total	<u>3.457</u>	<u>3.737</u>

In the course of 2017, revenues from the following donors were realized:

Breakdown of granted donations by donors:	2017
1 FOSM Skopje (Media Monitoring – Grant)	1.184
2 FOSM, Skopje (Improving Legal and Financial Capacities - Grant)	1.050
3 Eurotink, Skopje	539
4 Center for Civil Communications	12
5 Research journalism to boost reform	672
Total	3.457

5. SURPLUS OF REVENUES FROM PREVIOUS YEARS

	<u>2017</u>	<u>2016</u>
Surplus of revenues from previous years	1.679	1.675
Total	<u>1.679</u>	<u>1.675</u>

6. OPERATING EXPENSES

	<u>2017</u>	<u>2016</u>
Materials	20	35
Utilities	-	49
Maintenance Expenses	-	179
Other services	531	432
Travel and post	41	45
Marketing, promotion	12	6
Cost of goods sold	32	9
Rent	5	160
Bank charges	15	31
Per diems and travel costs	24	29
Foreign exchange losses	22	-
Other project related costs	356	8
Total	<u>1.058</u>	<u>983</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

7. EXPENSES FOR EMPLOYEES

	2017	2016
Salaries	1.645	1.388
Total	1.645	1.388

8. CAPITAL EXPENSES

	2017	2016
Equipment	60	-
Total	60	-

9. OTHER SERVICES

	2017	2016
Intellectual services	1.277	1.360
Total	1.277	1.360

10. INCOME TAX

Adjustments of income tax and surplus of revenues over expenses multiplied by the prescribed rate income tax:

	2017	2016
1 Surplus of revenues over expenses before taxes	-	-
2 Unrecognized expenses	12	26
3 Taxable income from related parties	-	-
4 Unclosed balances loans given	-	-
5 Tax base (1 + 2 + 3 + 4)	12	26
6 Tax base reliefs	-	-
7 The tax base after reduction (5-6)	12	26
8 Estimated income tax (7 x 10%)	1	3
9 Decrease of calculated income tax	-	-
10 Income tax after decrease	1	3
<i>Effective tax rate</i>	<i>10%</i>	<i>10%</i>

The Foundation has not made reservations on the deferred tax assets in these financial statements because the Foundation does not have reasonable certainty to determine the level of the tax asset used in future.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

11. INTANGIBLE ASSETS

As at 31 December 2017, the Foundation registered intangible assets - software with a purchase value of 71 thousand of MKD and an accumulated depreciation of 57 thousand of MKD. The book value of the software as of December 31, 2017 is 14 thousand of MKD (2016: 29 thousand of MKD).

12. PROPERTY, PLANT, EQUIPMENT

	Property, plant and equipment	Total
Cost as of 1 January 2016	1.902	1.902
Additions	-	-
Balance as of 31 December 2016	1.902	1.902
Additions	61	61
Balance as of 31 December 2017	1.963	1.963
Accumulated depreciation as of 1 January 2016	1.543	1.543
Depreciation 2016	50	50
Balance as of 31 December 2016	1.593	1.593
Depreciation 2017	104	104
Balance as of 31 December 2017	1.697	1.697
Net book value as of:		
- 31 December 2017	266	266
- 31 December 2016	309	309

13. CASH AND CASH EQUIVALENTS

	2017	2016
Bank account	1.139	1.616
Petty cash	3	-
Total	1.142	1.616

14. OTHER RECEIVABLES

	2017	2016
Short term receivables	3	44
Total	3	44

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

15. PREPAYMENTS

	<u>2017</u>	<u>2016</u>
Prepaid expenses	-	15
Other prepayments	-	4
Total	<u>-</u>	<u>19</u>

16. CURRENT LIABILITIES

	<u>2017</u>	<u>2016</u>
Short-term financial liabilities	1	-
Total	<u>1</u>	<u>-</u>

17. OFF-BALANCE RECORDS

As of 31 December 2017, the Foundation has no off-balance sheet exposure.

18. SUBSEQUENT EVENTS

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