

**Association EKO-SVEST Skopje**

**Financial statements  
Year ended December 31, 2015 and  
Independent Auditor's report**

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## INDEPENDENT AUDITOR'S REPORT

### **To the Management of the Association EKO-SVEST Skopje**

We have audited the accompanying financial statements of the Association EKO-SVEST Skopje (hereinafter: the Association) which comprise the statement of financial position as of December 31, 2015 and the income and expense statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *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 regulations prevailing in the Republic of Macedonia, 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 and the Audit Law of the Republic of Macedonia. 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 Association'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 Association'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.

*(continues)*



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### INDEPENDENT AUDITOR'S REPORT

**To the Management of the  
Association EKO-SVEST Skopje  
(Continued)**

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Association EKO-SVEST Skopje, as at December 31, 2015, and its financial performance for the year then ended in accordance with the accounting regulations prevailing in Republic of Macedonia, the Law on Accounting for non-profit organisations of Republic of Macedonia and the Rulebook for non-profit organisations.

*Emphasis of Matter*

The Association keeps its record and prepares its financial statements based on the accounting base of modified occurrence of business changes and transactions, in accordance with the Law on Accounting for non-profit organisations of Republic of Macedonia ("Official Gazette of Republic of Macedonia" 24/03 with amendments up to 17/11) and the Rulebook for non-profit organisations ("Official Gazette of Republic of Macedonia" 42/03 with amendments up to 175/11.) According to the articles of this Law, the Association is obligated to prepare and submit basic financial statements, consisted of: Statement of the financial position, Income and expense statement and notes to the financial statements. According to this, the Association is not obligated to prepare Statement of cash flows.

**TP REVIZIJA CULEVA-Skopje**

**Sonja Culeva, Manager**

**Sonja Culeva, Certified auditor**



Skopje, 22 April, 2016

**INCOME AND EXPENSE STATEMENT**  
**Year ended December 31, 2015**  
**(In Denars)**

	<u>Note</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>			
Revenues from projects implementation, donations and membership	4;3.1	5,245,930	3,550,501
Financial revenue-net	5;3.2	5,446	-
Excess of revenues over expenses brought forward from previous year		<u>682,474</u>	<u>2,295,873</u>
		<b><u>5,933,850</u></b>	<b><u>5,846,374</u></b>
<b>Expenses</b>			
Operational expenses	6;3.1	(2,182,424)	(4,453,689)
Staff costs	7;3.1	(2,329,165)	(710,019)
Capital expenses	8;3.1	(27,553)	-
Financial expenses-net	5;3.2	-	(192)
		<u>(4,539,142)</u>	<u>(5,163,900)</u>
<b>Excess of revenues over expenses for the year before income tax</b>		<b><u>1,394,708</u></b>	<b><u>682,474</u></b>
Income tax	3.3	-	-
<b>Excess of revenues over expenses for the year</b>		<b><u>1,394,708</u></b>	<b><u>682,474</u></b>

*The accompanying notes on the following pages are an integral part of these financial statements.*

These financial statements were approved for issuing by the management of the Association as of February 23, 2016.

Legal Representative,  
**Ana Colovic-Lesoska**



**STATEMENT OF FINANCIAL POSITION**  
**As of December 31, 2015**  
**(In Denars)**

	<u>Note</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets-net	9;3.4	<u>160,882</u>	<u>222,663</u>
<b>Current assets</b>			
Cash and cash equivalents	10;3.5	1,394,708	686,695
Trade and other receivables	11	<u>-</u>	<u>3,422</u>
<b>Total current assets</b>		<b>1,394,708</b>	<b>690,117</b>
<b>TOTAL ASSETS</b>		<b><u>1,555,590</u></b>	<b><u>912,780</u></b>
<b>FUNDS AND LIABILITES</b>			
<b>Funds</b>			
Business fund	12	160,882	230,306
Excess of revenues over expenses	12	<u>1,394,708</u>	<u>682,474</u>
<b>Total funds</b>		<b>1,555,590</b>	<b>912,780</b>
<b>Current liabilities</b>			
Grants related liabilities	13	-	-
Trade & other payables	13	<u>-</u>	<u>-</u>
<b>Total current liabilities</b>		<b>-</b>	<b>-</b>
<b>TOTAL FUNDS AND LIABILITIES</b>		<b><u>1,555,590</u></b>	<b><u>912,780</u></b>

*The accompanying notes on the following pages  
are an integral part of these financial statements.*

Legal Representative,  
**Ana Colovic-Lesoska**



**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2015**

**1.1. GENERAL INFORMATION**

The Association Center for environmental research and information EKO-SVEST Skopje (the "Association") was established as a non-profit organization, and is registered in the Central Register of Republic of Macedonia on September 9, 2002, under EMBS No: 5690552.

Address: Str. 11-ti Oktomvri No.125-12 Skopje, Centar, Republic of Macedonia.

Legal Representative: Ana Colovic-Lesoska.

The mission of Association is to inform and promote alternatives to the negative environmental impacts, with a vision to become a professional organization involved in environment decision making process in Macedonia.

Main objectives and goals of the Association, among the others, are to initiate changes in the behavior, to monitor the implementation of the legislation, to lobby, to inform about environmental issues, to advocate, to promote avant-garde perspectives that lead to a sustainable development.

As of December 31, 2015, the Association had 4 employees.

**1.2. PROJECTS**

Following projects have been implemented during 2015 and 2014 as follows:

***(1)Project- Activities of CEE Bankwatch Network***

Activities of CEE Bankwatch Network, funded by the CEE Bankwatch Network via the DG Devco grant under the DEAR programme of the European Commission. These funds are mainly associated with the work of CEE Bankwatch Network project coordinator Ana Colovic-Lesoska, which entails coordination of a 3 year pan European project with 19 partners.

***(2)Project-Building partnerships for climate protection in Macedonia funded by the European Climate Foundation***

The project-Building partnerships for climate protection in Macedonia builds a strong partnership among local communities, NGOs and institutions for a joint focus on protection of the climate by enabling sustainable and renewable energy solutions in Macedonia and discontinuation of harmful fossil fuel investment in the country.

***(3)Project-Working together for the clear air funded by XminY foundation***

The project-Working together for the clear air aimed at supporting local communities in voicing their concerns about air pollution in Skopje by providing them with mechanism, training and materials for actions, petitions and complaints towards the institutions.

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2015**

**1.2. PROJECTS (Continues)**

***(4)Project-Save the blue heart of Europe founded by EURONATUR***

The project-Save the blue heart of Europe, is aimed at protecting Mavrovo national park from the planned hydropower plant development. It entails international and national awareness raising about the impact of the planned project on the national park, its species and habitats. The project is implemented by a partnership between the Eko-svest, Association, Front 21/24 and Macedonian Ecological Society with international NGOs such as Riverwatch and Euronatur. The funds from Euronatur originate from Mava foundation.

***(5) Project-ORIO funded by the Dutch Ministry of foreign affairs***

This project was connected to the compilation of an environmental assessment report for the ORIO health project of the Dutch Ministry of foreign affairs in Macedonia.

***(6)Project-Verification of EU mechanism for corruption prevention and environmental protection funded by the EC***

During 2015, the project: Verification of EU mechanism for corruption prevention and environmental protection was implemented with funding from the Metamorphosis Foundation, via their EU funded project Good Governance Action Network. The project resulted in a published analysis of a particular case, the Corridor X highway in Macedonia.

***(7)Project-Ekosfera environmental platform, funded by GEF PMG and donations***

The project Ekosfera-environmental platform was funded by the GEF Small Grants Programme Macedonia. The project resulted in creation of an electronic web based platform for the environmental organizations, institutions and media. The platform currently has 34 member organizations and it is mainly used to communicate, publish and discuss various environmental topics. Funding is ensured by grants and donations from individuals and organizations.

***(8)Project SEE SEP funded by EC***

The SEE SEP project (South East European Sustainable Energy Policy) is implemented regionally and run by the SEE Change Net organization from Bosnia and Herzegovina and partner organizations from the Balkan area. Eko-Svest is a partner organization.

One of the main outputs of this project was the creation of the My 2050 Calculator, an energy calculator which is a web based tool for energy modeling, to be used by institutions, governments, but also citizens in order to raise awareness about the climate impacts of energy infrastructure.

The funds of the project come from European Commission. The project is planned to continue in the next 3 years, if fundraising is successful.

***(9)Project ETNAR funded by the EC***

The ETNAR project (Advocacy CSs networks for sustainable use of energy and natural resources in the Western Balkan and Turkey) is implemented regionally and led by Zelena Akcija from Croatia, with partner organizations from Balkan and Turkey. Eko-svest is a partner organization in this project. The main focus of the project is to raise capacities of Western Balkan NGOs and implement awareness raising campaigns on climate and nature protection.

The funds for the project come from the European Commission. The project is planned to continue in the next 3 years, if fundraising is successful.

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

#### 2.1 Basis of preparation

The financial statements of the Association have been prepared in accordance with the Law on Accounting for Non – profit Organizations of the Republic of Macedonia in order to provide true and fair presentation of the balance sheet positions, balance of assets, liabilities, sources of assets, income and expenses and the operating results.

The financial statements of Association have been prepared in accordance with the legal regulations accepted in the Republic of Macedonia in relation to the work of the non-profit organizations, the Law on Accounting for Non-profit Organizations of the Republic of Macedonia (“Official Gazette of Republic of Macedonia” 24/03 with amendments up to 17/11) and the Rulebook for non-profit organizations (“Official Gazette of Republic of Macedonia” 42/03 with amendments up to 175/11.)

The Association’s financial statements are presented in Macedonian Denars (“MKD.”) All amounts in the financial statements and related notes are presented in Denars, unless otherwise stated.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of the financial statements are presented further in this report. The Association is requested to apply the accounting policies consistently.

#### 3.1 Recognition of income and expenses

The recognition of the income and expenses is in accordance with article 13 from the Law on Accounting for Non-profit Organizations (“Official gazette of Republic of Macedonia” no.24/03, 80/05, 17/11) and article 18 from the Rulebook for Non-profit Organizations (“Official gazette of Republic of Macedonia” no.42/03, 11/09, 11/06, 08/09, 175/11), i.e. according the accounting base of modified occurrence of business changes and transactions.

According the accounting base for modified occurrence of business changes and transactions, the revenues are recognized in the accounting period in which have occurred according the criteria of measurability and availability. Revenues are earned when are generated in the accounting period or 30 days after the end of the accounting period, with condition they are related to the accounting period and are used to cover the liabilities related to that accounting period.

According the accounting base for modified occurrence of business changes and transactions, expenses are recognized in the accounting period in which have occurred or paid within 30 days after the end of the accounting period only if the obligation for payment has occurred in that accounting period. Expenses used for short term assets are recognized at the moment and in the amount of the actual cost incurred.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2015**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continues)**

**3.2 Foreign Exchange Transaction**

Transactions denominated in foreign currencies have been translated into Denars at the rates set by the National Bank of Republic of Macedonia applicable at the date of each transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the end of the reporting period using official rates of exchange ruling on that date.

Net foreign exchange gains or losses resulting from foreign currency translation are included in income and expense statement in the period in which they arise.

**3.3 Taxation**

According to the Law on Corporate Income Tax, non-profit organizations are exempt from paying income tax on the revenues generated from membership fees, sponsorships and donations that are collected and allocated for a intended purposes and are not intended for business purposes.

Current income tax is paid to non deductible expenses. The income tax rate for 2015 is 10% (2014: 10%.)

**3.4 Tangible assets**

Tangible assets of the Association comprises of office equipment and furniture. They are recorded at cost value. The cost value of the tangible assets comprises the purchase price plus import duties, value added tax, cost of transportation and all other expenses directly attributable to the cost value i.e. to the purchase cost. The value of purchased assets is presented as expense at the time of purchase with increasing the business fund of the Association.

Tangible are depreciated on a straight-line basis so that the cost or revaluation value of the fixed assets is depreciated in equal annual amounts over their estimated useful lives.

The depreciation charge for the year is recorded on the business fund accounts.

The annual depreciation rates applied are the following:

Office equipment	10%-20%
Furniture	16%

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2015**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continues)**

**3.5 Cash and cash equivalents**

Cash and cash equivalents comprise from cash in hand and cash on bank accounts in commercial banks.

Cash in hand and cash on bank accounts in Macedonian denars are recorded at their nominal value, and cash in foreign currencies are translated according to the foreign exchange rate of the Central Bank of Republic of Macedonia on the reporting date.

**3.6 Trade payables and other liabilities**

Trade payables and other liabilities are stated at fair value on initial recognition and subsequently measured at amortized cost.

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2015**

**4. REVENUES FOR PROJECTS IMPLEMENTATION,  
DONATIONS & MEMBERSHIP**

	<b>In Denars</b>	
	<b>Year Ended</b>	
	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>Projects</b>		
-SEE SEP	996,113	358,781
-Bankwatch	1,518,988	785,067
-ECF	338,232	925,238
-Save blue hart of Europe	194,736	418,952
-Verification of Europe Mechanism	129,618	129,972
-Ecosfera environmental platform	47,850	525,419
-XminY-Working together for clear air	120,304	-
-ETNAR	1,594,274	-
-Evaluate	291,315	-
	<b>5,231,430</b>	<b>3,539,501</b>
<b>Membership</b>	<b>8,500</b>	<b>2,000</b>
<b>Donations</b>		
-Ekosfera	<b>6,000</b>	<b>9,000</b>
	<b>5,245,930</b>	<b>3,550,501</b>

**5. FINANCIAL GAIN / (LOSS) -NET**

	<b>In Denars</b>	
	<b>Year Ended</b>	
	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
FOREX loss	-	(579)
FOREX gain	5,144	-
Interest income	302	387
Interest loss	-	-
	<b>5,446</b>	<b>(192)</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2015**

**6. OPERATIONAL EXPENSES**

	<b>In Denars</b>	
	<b>Year Ended</b>	
	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
Office materials consumed	8,597	788
Energy & communal expenses	30,846	31,673
Renting	141,300	147,003
Post, telephones, internet	73,580	88,023
Transfer to other NGO	939,729	-
Accounting	48,000	48,000
Bank charges	30,989	31,992
Intellectual services	279,158	2,708,219
Other miscallenous	630,225	1,397,991
	<b><u>2,182,424</u></b>	<b><u>4,453,689</u></b>

**7. STAFF COSTS**

	<b>In Denars</b>	
	<b>Year Ended</b>	
	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
Gross salaries for employees	2,290,945	710,019
Allowances	38,220	-
Per diem	-	-
	<b><u>2,329,165</u></b>	<b><u>710,019</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2015**

**8. CAPITAL EXPENSES**

	<b>In Denars</b>	
	<b>Year Ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
Civil construction work	-	-
Equipment & furniture	27,553	-
	<u>27,553</u>	<u>-</u>

**9. TANGIBLE ASSETS-NET (In Denars)**

<u>Cost</u>	<u>Tangible assets</u>	<u>Construction in progress (CIP)</u>	<u>TOTAL</u>
<b>As of</b>			
<b>1 January 2015</b>	<b>827,744</b>	-	<b>827,744</b>
Additions	27,553	-	27,553
Write off	-	-	-
Transfer	-	-	-
	<u>827,744</u>	<u>-</u>	<u>827,744</u>
<b>As of</b>			
<b>31 December 2015</b>	<b>855,297</b>	-	<b>855,297</b>
	<u>855,297</u>	<u>-</u>	<u>855,297</u>
<b>Accumulated depreciation</b>			
<b>As of</b>			
<b>1 January 2015</b>	<b>(605,081)</b>	-	<b>(605,081)</b>
Charge for the year	(89,334)	-	(89,334)
Write off	-	-	-
Transfer	-	-	-
	<u>(605,081)</u>	<u>-</u>	<u>(605,081)</u>
<b>As of</b>			
<b>31 December 2015</b>	<b>(694,415)</b>	-	<b>(694,415)</b>
	<u>(694,415)</u>	<u>-</u>	<u>(694,415)</u>
<b>Carrying amount</b>			
<b>At 31 December 2015</b>	<b>160,882</b>	-	<b>160,882</b>
	<u>160,882</u>	<u>-</u>	<u>160,882</u>
<b>Carrying amount</b>			
<b>At 31 December 2014</b>	<b>222,663</b>	-	<b>222,663</b>
	<u>222,663</u>	<u>-</u>	<u>222,663</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2015**

**10. CASH AND CASH EQUIVALENTS**

	<b>In Denars</b>	
	<b>Year Ended</b>	
	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
Cash in banks -Denars	1,188,082	120,486
Cash in hand -Denars	4,341	31,279
Cash in Bank-foreign currency	202,285	534,930
	<b><u>1,394,708</u></b>	<b><u>686,695</u></b>

**11. TRADE AND OTHER RECEIVABLES**

	<b>In Denars</b>	
	<b>Year Ended</b>	
	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
Trade receivables-local	-	-
Receivables from employees	-	-
Personal tax overpaid	-	3,422
	<b><u>-</u></b>	<b><u>3,422</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2015**

**12. BUSINESS FUND & EXCESS OF REVENUES  
OVER EXPENSES**

	<u>Business Fund</u>	<u>Excess of revenues over expenses</u>	<u>TOTAL</u>
<b>As of January 1, 2015</b>	<b>230,306</b>	<b>682,474</b>	<b>912,780</b>
Net effect of changes in business fund & excess of revenues over expenses	<u>(69,424)</u>	<u>712,234</u>	<u><b>642,810</b></u>
<b>As of December 31, 2015</b>	<u><b>160,882</b></u>	<u><b>1,394,708</b></u>	<u><b>1,555,590</b></u>

**13. DONATIONS'S RELATED LIABILITIES**

	<u>In Denars</u>	
	<u>Year Ended</u>	
	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
Trade payables	-	-
Advances payable	-	-
Accrued expenses	-	-
	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2015****14. FOREIGN EXCHANGE RATES**

The official foreign exchange rate of significant currency used for transaction disclosure of items denominated in foreign currencies on December 31, 2015 and 2014 are as follows:

	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
EUR	61,5947	61,4814