

Association EKO-SVEST Skopje

**Financial statements
Year ended December 31, 2017 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 (page 3-18) of the Association EKO-SVEST Skopje (hereinafter: the Association) which comprise the statement of financial position as of December 31, 2017 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. These 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 these 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)

INDEPENDENT AUDITOR'S REPORT

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

Opinion

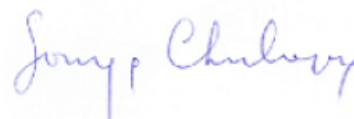
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Association EKO-SVEST Skopje, as at December 31, 2017, and its financial performance for the year then ended in accordance with the accounting regulations prevailing in Republic of Macedonia, 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, Director

Sonja Culeva, *Certified Auditor*



Skopje, May 28, 2018

INCOME AND EXPENSE STATEMENT
Year ended December 31, 2017
(In Denars)

	<u>Note</u>	<u>2017</u>	<u>2016</u>
Revenues			
Revenues from projects implementation, donations and membership	4;3.1	25,747,763	10,900,011
Financial revenue –net	5;3.2	-	14,495
Excess of revenues over expenses brought forward from previous year		<u>2,963,195</u>	<u>1,394,708</u>
		28,710,958	12,309,214
Expenses			
Operational expenses	6;3.1	(6,611,454)	(5,642,773)
Staff costs	7;3.1	(3,703,478)	(3,653,067)
Capital expenses	8;3.1	(106,084)	(50,179)
Financial expenses-net	5;3.2	<u>(35,269)</u>	<u>-</u>
		(10,456,285)	(9,346,019)
Excess of revenues over expenses for the year before income tax	12	18,254,673	2,963,195
Income tax	3.3	<u>-</u>	<u>-</u>
Excess of revenues over expenses for the year		<u>18,254,673</u>	<u>2,963,195</u>

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 28, 2018.

Executive director,
Ana Colovic-Lesoska

STATEMENT OF FINANCIAL POSITION
As of December 31, 2017
(In Denars)

	<u>Note</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Non-current assets			
Tangible assets-net	9;3.4	<u>156,390</u>	<u>85,620</u>
Current assets			
Cash and cash equivalents	10;3.5	18,384,651	2,963,195
Trade and other receivables	11	<u>280,000</u>	<u>153,500</u>
Total current assets		18,664,651	3,116,695
TOTAL ASSETS		<u>18,821,041</u>	<u>3,202,315</u>
FUNDS AND LIABILITES			
Funds			
Business fund	12	156,390	85,620
Excess of revenues over expenses	12	<u>18,254,673</u>	<u>2,963,195</u>
Total funds		18,411,063	3,048,815
Current liabilities			
Trade & other payables	13	<u>409,978</u>	<u>153,500</u>
Total current liabilities		409,978	153,500
TOTAL FUNDS AND LIABILITIES		<u>18,821,041</u>	<u>3,202,315</u>

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

Executive director,
Ana Colovic-Lesoska

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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. Kiril i Metodij 30/1-6, 1000 Skopje, Macedonia

Executive director: Ana Colovic-Lesoska

The mission of Eko-svest is to research, inform and act towards the improvement of public policies and people's behaviors for sustainable living and environmental protection.

Eko-svest supports and encourages civic awareness and active participation and promotes practical solutions in cooperation with organizations and institutions.

Eko-svest focuses on topics closely related to environmental protection: sustainable transport, renewable energy sources and energy efficiency, sustainable waste management, protection against chemicals and heavy metals, and protection against genetically modified organisms.

As horizontal issues that affect the organization, but also its main goals are informing and education of citizens in Macedonia, public participation in environmental decision making, transparent and accountable work of public institutions, public money for public benefits, access to justice in the environmental decision making processes.

As of December 31, 2017, the Association had 5 employees (2016: 5 employees).

1.2. PROJECTS

Following projects have been implemented during 2017 and 2016:

(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 from EU.

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.

(Continues)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

1.2. PROJECTS (Continued)

Following projects have been implemented during 2017 and 2016:

(3)Project-Working together for the clear air funded by XminY foundation and the Embassy of the USA in Macedonia

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. Additionally, the project aims to work with institutions and develop plans for air quality measures to be undertaken at central and local level in order to address air pollution in urban areas. The project finished in May 2017.

(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 projects on the national park, its species and habitats. The project is implemented by a partnership between the Eko-svest, Association and Front 21/24 with international NGOs such as Riverwatch and Euronatur. The funds from Euronatur originate from Mava foundation. The project is a continuation of the previous collaboration and the new action was initiated in January 2017, to last until December 2019.

(5) Project-Coordination body between CSOs and the Government of Macedonia, supported by GEF Small Grants Programme in Macedonia

This project is a continuation of the efforts of environmental CSOs to establish a mechanism for the structural coordination and collaboration with various sectors within the Ministry of environment. The project aims to use Ekosfera.mk portal for the communication and coordination and to train, coach and improve the capacities of environmental CSOs in Macedonia and to ultimately joint their efforts in their deliberations for healthy environment. The project started at the very end of 2016 and it was carried out throughout 2017 as well as the first 3 months of 2018.

(6)Project City Tree in Macedonia, supported by private companies and the Embassy of Germany in Macedonia

This project has the aim to raise awareness about the impacts of climate change and air pollution and to install 2 CityTree installations in Skopje and Tetovo. The City Tree installations have been patented in Germany and are based on internet technology and the purification capacity of plants, such as mosses. The project is also supported by individual donations from private companies in Macedonia: German Embassy in Macedonia, Vezeshari, Diamed, DHL, Ekolog, EDS, Knauf, ProCreditBank and Pakomak. In 2016, the order for the two installations was made, purchasing the installations, and the actual placement of the CityTrees in Skopje and Tetovo was scheduled for early 2017. In 2017, we also extended the support from private companies and a new City Tree installation is to arrive in Skopje in early 2018.

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

1.2. PROJECTS (Continued)

(7) Project Protection of Galicica NP and raising awareness on air pollution supported by Heinrich Boell Stiftung

This project aims at raising the awareness of local population in the Ohrid region about the values of Galicica National Park and Ohrid lake and the need for their protection. It comes as a response to the plans for massive infrastructure developments in the region. The project activities stirred discussions among experts, local communities, touristic operators and other stakeholders. Additionally, the same project focused on awareness raising on national level connected to air pollution. A set of educational videos were produced throughout the project and widely distributed via social media.

(8) Project IPA2CSO, supported by the Delegation of the European Union in Macedonia

The aim of the project implemented in partnership together with Eurothink, Zenith Association and Reactor is to strengthen the established network of CSOs- the IPA mechanism in order to enable a structured dialogue with the Government of Macedonia for meaningful IPA funds programming.

The network of CSOs has grown to approximately 270 members in 2017. The project will finish in 2018.

(9) Project Strengthening civil society to advocate for sustainable energy transition, supported by CISU

This project is implemented in partnership with Inforse- the international network of CSOs working on sustainable energy issues. The aim of the project also implemented in Serbia, Ukraine and Moldova is to develop alternative energy development scenarios based on renewable energy and energy efficiency to help drive economies towards climate friendly developments. The project finished in 2017.

(10) SMART OHRID supported by the Embassy of Switzerland in Macedonia

The Smart Ohrid project is about a development of a sustainable transport solution concept for the Galicica NP and Ohrid coastline. Four different studies were commenced and a technical proposal was developed to propose the location of a bicycle path along the coastline, from Ohrid to St. Naum, accompanied by a park and ride point after Ohrid and a solar boat transportation system. Environmental, social and economic feasibility studies were also carried out, which resulted in the compilation of the Smart Ohrid pre-feasibility study publication. The concept was widely accepted by local communities and decision makers.

(Continues)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

1.2. PROJECTS (Continued)

(11) 14 days sustainable living challenge supported by the Swedish Institute

We initiated a 14 day sustainable living challenge and we stimulated citizens to take it on by living, moving and eating responsibly for a period of 14 days. Social media as well as TV shows were used to spread the idea and we had 20 participants who regularly posted their experiences, including the Deputy Minister for environment. A set of infographs was prepared and published on social media to further provide information on the ways how people can change behaviors in order to help protect the environment and preserve their health.

(12) Communities Communicating Climate Change supported by the Delegation of the European Union in Macedonia

The contract for the 3 year grant was signed in December 2017. The project, developed and to be implemented in partnership with CNVP and DEM is an awareness raising action aimed at the topic of climate change. It has 4 components- capacity building, establishing electronic platform for communication, setting up a coalition for climate action and awareness raising activities.

(13) Analysis of the status with POPs in Macedonia, supported by IPEN

In late 2017 we re-established cooperation with the Czech organization Arnica and IPEN, who supported us to produce an analysis of the status with persistent organic pollutants (POPs) in Macedonia. A series of consultations and interviews as well as a workshop are planned during 2018. The project will last until May 2018.

(14) Support to Evaluate project with the University of Manchester

The Evaluate project is a large action implemented all across Europe. In Macedonia we conducted a set of interviews with energy poor and other households in order to generate data for further analysis by the University of Manchester. The work was mainly carried out in 2016 and the project finalized in 2017.

(15) Stakeholder analysis for nature protection in Macedonia, supported by WWF Adria

This is the first cooperation with the WWF Adria office. We prepared an analysis of stakeholders by conducting interviews and doing desktop power analysis of different stakeholders. As a result, we prepared a report to WWF providing them with baseline information on the potential avenues of cooperation and action with different stakeholders in Macedonia on the topic of nature protection and management of protected areas.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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 for used short term assets are recognized at the moment and in the amount of the actual cost incurred.

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 2017 is 10% (2016: 10%.)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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%

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, 2017

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

	In Denars	
	Year Ended	
	December 31,	
	2017	2016
Projects		
UNDP	522,671	-
SEE SEP	667,040	669,423
Front 21/42 Save the Blue Hart Campaign	1,021,970	-
Swiss Embassy	2,297,870	-
US Department of State	495,950	818,754
University of Manchester	325,746	-
European Climate Foundation	1,360,619	1,907,271
Heinrich Boell Stiftung	421,295	396,496
German Embassy	1,225,308	-
Inforse Europe	271,668	97,619
Adria Kroacia	281,319	-
Zelena Akcija	351,777	448,952
-CEE Bankwatch Network	550,488	1,754,834
Swedish Embassy	166,018	-
Triglav Osiguruvanje	2,175,824	-
IPEN Gothenburg	167,182	-
Delegation of European Union in Macedonia	12,601,134	-
-EVALUATE	-	310,256
City tree in Macedonia		
- German Embassy in Macedonia	-	772,017
- Veze Shari	-	307,500
- EDS DOO	-	370,169
- Ekolog	-	322,875
- Pakomak	-	615,755
- Pro-Kredit Bank AD Skopje	-	307,476
- Spec.hospital Diamed	-	307,450
- Knauff	-	246,000
-IPA2CSO supported by the Delegation of the European Union in Macedonia	796,793	939,806
-Evaluation of SLED Project	-	112,167
-Save the blue heart of Europe funded by EURONATUR	-	192,191
	25,700,672	10,897,011
Membership	7,000	3,000
Donations		
-Elena Nikolovska	25,091	-
-ili ili	3,000	-
-Kodi	12,000	-
	40,091	-
	25,747,763	10,900,011

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

5. FINANCIAL GAIN / (LOSS) –NET

	In Denars	
	Year Ended	
	December 31,	
	2017	2016
FOREX loss	(35,431)	(1,562)
FOREX gain	162	15,798
Interest income	-	259
Interest loss	-	-
	(35,269)	14,495

6. OPERATIONAL EXPENSES

	In Denars	
	Year Ended	
	December 31,	
	2017	2016
Office materials consumed	11,702	9,190
Energy & communal expenses	45,340	32,874
Renting business premises	259,464	163,244
Post, telephones, internet	84,496	77,343
Accounting&audit	120,799	51,000
Bank charges	70,146	56,899
Intellectual services	2,513,593	3,893,417
Donations to City of Skopje	1,110,889	-
Other miscallenous	2,395,025	1,358,806
	6,611,454	5,642,773

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

7. STAFF COSTS

	In Denars	
	Year Ended	
	December 31,	
	2017	2016
Gross salaries for employees	3,395,054	3,468,230
Allowances	53,600	52,656
Per diem	254,824	132,181
	<u>3,703,478</u>	<u>3,653,067</u>

8. CAPITAL EXPENSES

	In Denars	
	Year Ended	
	December 31,	
	2017	2016
Civil construction work	-	-
Equipment & furniture	106,084	50,179
	<u>106,084</u>	<u>50,179</u>

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

9. TANGIBLE ASSETS-NET (2017/2016) (In Denars)

	<u>Tangible assets</u>	<u>Construction in progress (CIP)</u>	<u>TOTAL</u>
As of 1 January 2017	358,476	-	358,476
Additions	106,084	-	106,084
Write off	-	-	-
Transfer	-	-	-
As of 31 December 2017	464,560	-	464,560
Accumulated depreciation			
As of 1 January 2017	(272,856)	-	(272,856)
Charge for the year	(35,314)	-	(35,314)
Write off	-	-	-
Transfer	-	-	-
As of 31 December 2017	(308,170)	-	(308,170)
Carrying amount At 31 December 2017	156,390	-	156,390
Carrying amount At 31 December 2016	85,620	-	85,620

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

10. CASH AND CASH EQUIVALENTS

	In Denars	
	Year Ended	
	December 31,	
	2017	2016
Cash in banks -Denars	4,973,648	2,178,149
Cash in hand -Denars	9,010	9,421
Cash in hand-foreign currency	13,401,993	775,625
	18,384,651	2,963,195

11. TRADE AND OTHER RECEIVABLES

	In Denars	
	Year Ended	
	December 31,	
	2017	2016
Trade receivables-local	-	-
Short-term borrowing (Eko svest to Etnar) Note 13	-	153,500
Short-term borrowing (Eko svest to IPA II Project)	280,000	-
Personal tax overpaid	-	-
	280,000	153,500

Short-term borrowing relates to cash transferred from the regular cash account of the Association to the sub-account of the Project.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

**12. BUSINESS FUND & EXCESS OF REVENUES
OVER EXPENSES (In Denars)**

	<u>Business Fund</u>	<u>Excess of revenues over expenses</u>	<u>TOTAL</u>
As of January 1,2016	160,882	1,394,708	1,555,590
Net effect of changes in business fund & excess of revenues over expenses	<u>(75,262)</u>	<u>1,568,487</u>	<u>1,493,225</u>
As of December 31, 2016	<u>85,620</u>	<u>2,963,195</u>	<u>3,048,815</u>
Net effect of changes in business fund & excess of revenues over expenses	<u>70,770</u>	<u>15,291,478</u>	<u>15,362,248</u>
As of December 31, 2017	<u>156,390</u>	<u>18,254,673</u>	<u>18,411,063</u>

13. TRADE AND OTHER PAYABLES

	<u>In Denars</u>	
	<u>Year Ended</u>	
	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Trade payables	129,978	-
Borrowings payable-note 11 (Eko svest to Etnar Project)	-	153,500
Borrowings payable-Note 11(Eko svest to IPA II Project)	280,000	-
Accrued expenses	<u>-</u>	<u>-</u>
	<u>409,978</u>	<u>153,500</u>

NOTES TO THE FINANCIAL STATEMENTS**December 31, 2017****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, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
EUR	61,4907	61,4812
USD	51,2722	58,3258