

Association EKO-SVEST Skopje

**Financial statements
Year ended December 31, 2018 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, 2018 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 North 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 North 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)

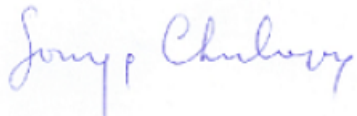
Opinion

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, 2018, and its financial performance for the year then ended in accordance with the accounting regulations prevailing in Republic of North Macedonia, the Law on Accounting for non-profit organisations of Republic of North Macedonia and the Rulebook for non-profit organisations.

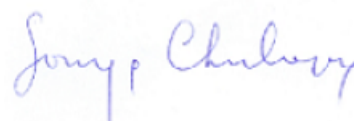
Emphasis of Matter

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 ("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
Sonia Culeva, Director



Sonja Culeva, *Certified Auditor*



Skopje, June 17, 2019

INCOME AND EXPENSE STATEMENT
Year ended December 31, 2018
(In Denars)

	<u>Note</u>	<u>2018</u>	<u>2017</u>
Revenues			
Revenues from projects implementation, donations and membership	4;3.1	6,829,380	25,747,763
Financial revenue –net	5;3.2	1,322	-
Excess of revenues over expenses brought forward from previous year		<u>18,254,673</u>	<u>2,963,195</u>
		25,085,375	28,710,958
Expenses			
Operational expenses	6;3.1	(8,734,372)	(6,611,454)
Staff costs	7;3.1	(4,845,647)	(3,703,478)
Capital expenses	8;3.1	(742,025)	(106,084)
Financial expenses-net	5;3.2	-	(35,269)
		<u>(14,322,044)</u>	<u>(10,456,285)</u>
Excess of revenues over expenses for the year before income tax	12	10,763,331	18,254,673
Income tax	3.3	-	-
Excess of revenues over expenses for the year		<u>10,763,331</u>	<u>18,254,673</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 26, 2019.

Executive director,
Ana Colovic-Lesoska

STATEMENT OF FINANCIAL POSITION
As of December 31, 2018
(In Denars)

	<u>Note</u>	<u>2018</u>	<u>2017</u>
ASSETS			
Non-current assets			
Tangible assets-net	9;3.4	<u>1,484,392</u>	<u>156,390</u>
Current assets			
Cash and cash equivalents	10;3.5	10,775,741	18,384,651
Trade and other receivables	11	<u>-</u>	<u>280,000</u>
Total current assets		<u>10,775,741</u>	<u>18,664,651</u>
TOTAL ASSETS		<u><u>12,260,133</u></u>	<u><u>18,821,041</u></u>
FUNDS AND LIABILITES			
Funds			
Business fund	12	1,484,393	156,390
Excess of revenues over expenses	12	<u>10,763,331</u>	<u>18,254,673</u>
Total funds		<u>12,247,724</u>	<u>18,411,063</u>
Current liabilities			
Trade & other payables	13	<u>12,409</u>	<u>409,978</u>
Total current liabilities		<u>12,409</u>	<u>409,978</u>
TOTAL FUNDS AND LIABILITIES		<u><u>12,260,133</u></u>	<u><u>18,821,041</u></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, 2018

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 North Macedonia on September 9, 2002, under EMBS No: 5690552.

Address: Str. Kiril i Metodij 30/1-6, 1000 Skopje, Republic of North Macedonia

Executive director: Ana Colovic-Lesoska

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

EKO-SVEST Skopje supports and encourages civic awareness and active participation and promotes practical solutions in cooperation with organizations and institutions.

EKO-SVEST Skopje 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 Republic of North 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, 2018, the Association has 5 employees (2017: 5 employees.)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

1.2. PROJECTS

Following projects have been implemented during 2018 and 2017:

(1)Project- Activities of CEE Bankwatch Network

Activities of CEE Bankwatch Network, funded by the CEE Bankwatch Network via 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 project with a consortium of European partners led by Swedwatch.

Additionally in 2018, EKO-SVEST Skopje started hosting another Bankwatch staff member, Davor Pehchevski as the air pollution coordinator for the Central and Eastern Europe.

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

The project-Building partnerships for climate protection in North 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 North Macedonia and discontinuation of harmful fossil fuel investment in the country. This is a long term project and in 2018 we extended our work to prepare for the upcoming climate law and strategy work.

(3)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 Skopje 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.

(4) 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 finished in 2018.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

1.2. PROJECTS (continued)

(5) SMART OHRID supported by the Embassy of Switzerland in North 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. Official presentation of the concept was done in Ohrid together with the mayor of Ohrid Municipality.

In addition, EKO-SVEST Skopje organized a smart cities conference in order to initiate a discussion among experts and city authorities as well as institutions about the smart solutions. A booklet was published for this purpose.

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

The project started on January 1 2018 and it is implemented in partnership with CNVP and DEM. It is mainly an awareness raising action aimed at climate change impacts and ways forward. It also covers policy and advocacy work of a wide coalition of CSOs that would be established within the project. The project also features a sub granting scheme to support innovative climate projects in the country.

(7) Establishing a monitoring and management system for the Vevcani springs monument of nature, supported by the UNDP

In the frame of the UNDP nature protection programme, we started a project to support the Municipality of Vevcani to set up a monitoring and management system for the protected area Vevcani springs. Through this project we will prepare a monitoring toolkit, conduct trainings for the future rangers as well as local communities and procure equipment for the ranger service. Additionally, we supported the Municipality in the process of the proclamation of the protected area according the new legislation. Awareness raising and educational activities are also envisioned with the project. The project finishes in August 2019.

(8) GEAR- Green economy for an advanced region, supported by the European Commission

This project is implemented in partnership with a number of CSOs from the region and is focused on raising awareness and education about the green economy. A number of educational materials will be produced and the project has a strong capacity building component, as it provides a series of trainings for CSOs and public authorities. The project lasts until March 2021.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

1.2. PROJECTS (continued)

(9) 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 North Macedonia. A series of consultations and interviews as well as a workshop took place during 2018. The report and a series of infographs were published in mid 2018.

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 North 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 North Macedonia in relation to the work of the non-profit organizations, the Law on Accounting for Non-profit Organizations (“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, 2018

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 North 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 2018 is 10% (2017: 10%.)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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 North 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, 2018

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

	In Denars	
	Year Ended	
	December 31,	
	2018	2017
Projects		
UNDP	2,357,914	522,671
SEE SEP	-	667,040
Front 21/42 Save the Blue Heart Campaign	409,380	1,021,970
Swiss Embassy	196,370	2,297,870
US Department of State	-	495,950
University of Manchester	123,238	325,746
European Climate Foundation	1,402,454	1,360,619
Heinrich Boell Stiftung	-	421,295
German Embassy	-	1,225,308
Inforse Europe	-	271,668
Adria Kroacia	-	281,319
Zelena Akcija	-	351,777
CEE Bankwatch Network	1,346,339	550,488
Swedish Embassy	-	166,018
Triglav Osiguruvanje	-	2,175,824
IPEN Gothenburg	3,461	167,182
Delegation of European Union in North Macedonia	-	12,601,134
IPA2CSO supported by the Delegation of the European Union in Macedonia	-	796,793
Fors Montenegro	984,224	-
	6,823,380	25,700,672
Membership	-	7,000
Donations		
-Kraft	6,000	-
-Elena Nikolovska	-	25,091
-ili ili	-	3,000
-Kodi	-	12,000
	6,000	40,091
	6,829,380	25,747,763

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

5. FINANCIAL GAIN / (LOSS) –NET

	In Denars	
	Year Ended	
	December 31,	
	2018	2017
FOREX loss	-	(35,431)
FOREX gain	1,322	162
Interest income	-	-
Interest loss	-	-
	1,322	(35,269)

6. OPERATIONAL EXPENSES

	In Denars	
	Year Ended	
	December 31,	
	2018	2017
Office materials consumed	5,150	11,702
Energy & communal expenses	31,969	45,340
Renting business premises	284,933	259,464
Post, telephones, internet	85,703	84,496
Accounting & audit	162,799	120,799
Bank charges	71,681	70,146
Intellectual services	2,128,132	2,513,593
Donations to other entities	4,489,417	1,110,889
Other miscallenous	1,474,588	2,395,025
	8,734,372	6,611,454

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

7. STAFF COSTS

	In Denars	
	Year Ended	
	December 31,	
	2018	2017
Gross salaries for employees	4,013,199	3,395,054
Allowances	56,712	53,600
Per diem	775,736	254,824
	<u>4,845,647</u>	<u>3,703,478</u>

8. CAPITAL EXPENSES

	In Denars	
	Year Ended	
	December 31,	
	2018	2017
Civil construction work	-	-
Equipment & furniture	742,025	106,084
	<u>742,025</u>	<u>106,084</u>

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

9. TANGIBLE ASSETS-NET (2018/2017) (In Denars)

	<u>Tangible assets</u>	<u>Construction in progress (CIP)</u>	<u>TOTAL</u>
As of 1 January 2018	464,560	-	464,560
Revaluation effect	801,428	-	801,428
Additions	742,025	-	742,025
Write off	-	-	-
As of 31 December 2018	2,008,013	-	2,008,013
Accumulated depreciation			
As of 1 January 2018	(308,170)	-	(308,170)
Charge for the year	(215,451)	-	(215,451)
Write off	-	-	-
Transfer	-	-	-
As of 31 December 2018	(523,621)	-	(523,621)
Carrying amount At 31 December 2018	1,484,392	-	1,484,392
Carrying amount At 31 December 2017	156,390	-	156,390

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

10. CASH AND CASH EQUIVALENTS

	In Denars	
	Year Ended	
	December 31,	
	2018	2017
Cash in banks - Denars	5,973,582	4,973,648
Cash in hand - Denars	11,768	9,010
Cash in hand - foreign currency	4,790,391	13,401,993
	<u>10,775,741</u>	<u>18,384,651</u>

The Association in 2017 transferred Den 280,000 from the regular cash account to a Project sub cash account. This amount is still not paid back by the donator.

11. TRADE AND OTHER RECEIVABLES

	In Denars	
	Year Ended	
	December 31,	
	2018	2017
Trade receivables-local	-	-
Short-term borrowing (EKO-SVEST Skopje to IPA II Project)	-	280,000
Personal tax overpaid	-	-
	<u>-</u>	<u>280,000</u>

Short-term borrowing in 2017 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, 2018

**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, 2018	156,390	18,254,673	18,411,063
Net effect of changes in business fund & excess of revenues over expenses	<u>1,328,003</u>	<u>(7,491,342)</u>	<u>(6,163,339)</u>
As of December 31, 2018	<u>1,484,393</u>	<u>10,763,331</u>	<u>3012,247,724</u>
As of January 1, 2017	85,620	2,963,195	3,048,815
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>

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

13. TRADE AND OTHER PAYABLES

	In Denars	
	Year Ended	
	December 31,	
	2017	2017
Trade payables	12,409	129,978
Borrowings payable-Note 11 (EKO-SVEST Skopje to IPA II Project) Note 11	-	280,000
Accrued expenses	-	-
	12,409	409,978

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, 2018 and 2017 are as follows:

	December 31,	December 31,
	2018	2017
EUR	61,4950	61,4907
USD	53,6887	51,2722