

**Association EKO-SVEST Skopje**

**Financial statements  
Year ended December 31, 2021 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, 2021 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 published in 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)**

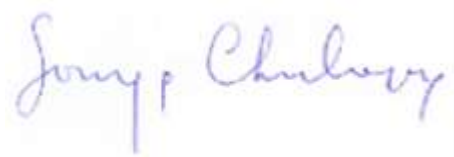
*Opinion*

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, 2021, 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 organizations and the Rulebook for non-profit organizations.

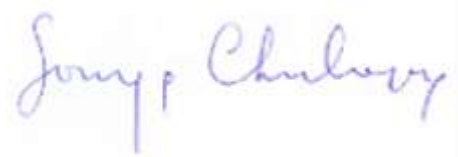
*Emphasis of Matter*

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 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.) 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, June 6, 2022

**INCOME AND EXPENSE STATEMENT**  
**Year ended December 31, 2021**  
**(In Denars)**

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Revenues</b>			
Revenues from projects implementation	4;3.1	37,365,637	15,505,069
Revenues from membership	4;3.1	4,440	-
Revenues from donations	4;3.1	-	23,932
Revenues from services provided	4;3.1	595,221	143,222
Financial revenue	5;3.2	121,500	26,451
Excess of revenues over expenses brought forward from previous year		<u>7,753,287</u>	<u>12,009,091</u>
		<b><u>45,840,085</u></b>	<b><u>27,707,765</u></b>
<b>Expenses</b>			
Operational expenses	6;3.1	(17,070,748)	(11,438,158)
Staff costs	7;3.1	(8,798,935)	(7,016,549)
Capital expenses	8;3.1	(1,514,219)	(1,443,336)
Financial expenses	5;3.2	(44,118)	(56,435)
		<b><u>(27,428,020)</u></b>	<b><u>(19,954,478)</u></b>
<b>Excess of revenues over expenses for the year before income tax</b>	12	<b>18,412,065</b>	<b>7,753,287</b>
Income tax	3.3	-	-
<b>Excess of revenues over expenses for the year</b>		<b><u>18,412,065</u></b>	<b><u>7,753,287</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 March 18, 2022

Executive director,  
**Ana Colovic-Lesoska**



**STATEMENT OF FINANCIAL POSITION**  
**As of December 31, 2021**  
**(In Denars)**

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible and intangible assets-net	9;3.4	<u>2,837,251</u>	<u>2,136,393</u>
<b>Current assets</b>			
Cash and cash equivalents	10;3.5	18,537,880	7,774,265
Trade and other receivables	11	<u>18,054</u>	<u>-</u>
<b>Total current assets</b>		<b>18,555,934</b>	<b>7,774,265</b>
<b>TOTAL ASSETS</b>		<b><u>21,393,185</u></b>	<b><u>9,910,658</u></b>
<b>FUNDS AND LIABILITES</b>			
<b>Funds</b>			
Business fund	12	<u>2,837,251</u>	<u>2,136,393</u>
<b>Total funds</b>		<b>2,837,251</b>	<b>2,136,393</b>
<b>Current liabilities</b>			
Trade & other payables	13	143,869	20,978
Excess of revenues over expenses	13	<u>18,412,065</u>	<u>7,753,287</u>
<b>Total current liabilities</b>		<b>18,555,934</b>	<b>7,774,265</b>
<b>TOTAL FUNDS AND LIABILITIES</b>		<b><u>21,393,185</u></b>	<b><u>9,910,658</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 March 18, 2022

Executive director,  
**Ana Colovic-Lesoska**

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

### 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

#### President

Prof Dr Stefan Buzarovski, University of Manchester, UK

#### Executive Board

Prof Dr Stefan Buzarovski, President, University of Manchester, UK

Lence Danailovska, member – Asseco South Eastern Europe, North Macedonia

Zarko Koneski, member – British Council, North Macedonia

#### Executive director

Ana Colovic-Lesoska

#### Branch offices

1. Association Center for environmental research and information EKO-SVEST Skopje -  
Branch EKO-SVEST Vevcani

#### Address

Naseleno mesto bez ulicen system No.474, Vevcani, Republic of North Macedonia

2. Association Center for environmental research and information EKO-SVEST Skopje-  
Branch Eko-Akademija Skopje

#### Address:

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

#### Association’s Office Employees

Ana Colovic-Lesoska, BA in Biology, Executive director

Milena Krsteva, MBA in Management, Financial director

Nevena Smilevska, BA in Sociology, Program coordinator

Stojan Lesoski, Computer networks Engineer, Project coordinator

Ivana Trpevska, BA in Bank Management, Accountant

Gjorgji Mitrevski, MS in strategic planning, Coordinator for support of communities

Kiril Efremovski, MS political sciences, PR Coordinator

Elena Nikolovska, BA in Law, Public relations

Davor Peheovski, Industrial design Engineer, Project coordinator

Angel Kuzmanov, BA in Law, Project coordinator

Helena Andonova, BA in mechanical engineering, Project coordinator

Jasmina Said, MBA in public relations, Project coordinator

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

### 1. GENERAL INFORMATION

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.

#### **Areas of work:**

The Association focuses on the following areas:

- Energy and climate
- Air pollution
- Innovations
- Sustainable Living
- Nature Protection
- Active citizenship

#### **Awards**

Goldman Environmental Prize 2019, recipient: Ana Colovic Lesoska  
Porta 3 2019 Ecological Award  
13<sup>th</sup> November Award, 2011, City of Skopje Award

#### **Networking, cooperation & membership**

- CEE Bankwatch Network
- CAN Europe
- HEAL (Health and Environment Alliance)
- SEE NET
- EEB
- GENET
- Inforse Europe
- Kite
- WECF (Women in Europe for Common Future)
- WWF Adria official partner in North Macedonia

In North Macedonia, Eko-svest is a founder of the following CSO networks:

- Coalition NATURA2000
- IPA 2 mechanism for civil society organizations
- Ekosfera

As of December 31, 2021, the Association has 10 employees (2020: 10 employees.)



## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

### 1.1 PROJECTS (2021/2020)

EKO-SVEST Skopje is implementing projects, public campaigns in order to inform the public on the results of the conducted analysis, research and surveys.

In its work so far, EKO-SVEST Skopje has implemented over 40 projects in North Macedonia and the region.

Following projects have been implemented during 2021 and 2020:

#### **(1) Activities of CEE Bankwatch Network**

The membership in this network of our organization lasts for around 20 years. Being a part of the Bankwatch network for Eko-svest represents immense importance to our activities and facts sharing related to one of the most important topics of our work – Air quality and air pollution. Our deployed staff member Davor Pehchevski continued coordinating Bankwatch’s regional work on air pollution, a position he started in 2018. The work in 2021 included many highlights. An almost full year of monitoring (25.10.2020 - 15.09.2021) of PM10, PM2.5, SO2, NO2, CO, and O3 pollution was completed in Novaci near REK Bitola providing huge amounts of important data. An eight-month period of the monitoring, from January to August 2021, was used for the preparation of a health impact analysis (officially published in 2022). A short documentary - “Not all heroes wear capes” - visually presenting the monitoring process with the dust monitoring device and explaining its importance for the communities affected by coal pollution in the Balkans was published.

A second Lung Run virtual running race was organized during the COP in Glasgow with over 40 people running distances of 20.30 km each, to symbolize the need to phase out coal by 2030 as part of the depollution efforts.

#### **(2) Raising awareness on just transition and renewables as solutions to abandoning coal - funded by the European Climate Foundation**

The project "Raising Awareness of a Fair Transition and Renewable Energy Sources as Solutions for Coal Abandonment" is part of the energy portfolio of Eko-svest and focuses on raising awareness of a fair coal transition, introducing a fair transition in policies and offering energy dependency solutions. of coal. Moreover, the project follows the theme of the EU Green Agenda for the Western Balkans and related developments, including advocating for the inclusion of the Green Agenda in national strategies, legislation and policies. The project mainly consists of advocating for energy issues and issues related to the fair transition before the relevant decision makers, but as part of it a study was made on the possibilities of installing roof photovoltaic panels in Bitola and the comics from the series Team ECO were translated into languages. from the Western Balkans region and in English. The implementation of this project will last until July 31, 2022.

**NOTES TO THE FINANCIAL STATEMENTS****December 31, 2021****1.1 PROJECTS (2021/2020) (continued)****(3) Communities Communicating Climate Change, funded by the Delegation of the European Union in North Macedonia**

The project was implemented in partnership with CNVP and DEM, started in January 2018 and finalized in April 2021. The main focus of the action was strengthening the impact and involvement of civil society in decision-making processes and EU accession reforms in the area of climate change. The activities mainly included capacity building of CSOs to further increase their accountability and sustainability in order to achieve enhanced involvement in policy making and advocacy of the sector, as well as awareness raising action aimed at climate change impacts and ways forward. The project team successfully developed curricula and conducted more than 15 training sessions for the CSOs and journalists/ bloggers/ influencers with focus on climate change and more than 50 organizations participated in the trainings. The project also featured a sub-granting scheme to support innovative climate projects in the country. We granted 10 sub grants to organizations to implement various climate related actions in their communities. 100 representatives from different organizations participated at the annual meetings and the national climate conference. A national climate coalition was established with legal documents, a secretariat, strategic and annual work plan and 30 members. Through the project activities focusing on capacity building more than 10 CSOs now currently work on climate issues in the country. Throughout the project we conducted over 50 meetings with national authorities and managed to establish good communication with the central and local government, regularly providing comments and suggestions of new or revised legal and policy documents, meetings regarding cooperation and coordination for climate actions on national and local level etc. An online interactive map featuring environmental and climate issues in the country was developed and published.

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

This project is implemented in partnership between Eko-svest and a number of CSOs from the region (5-Fors Montenegro- Montenegro, SMart Kolektiv-Srbija, EDEN Center-Albania, Center for Development and support- Bosnia and Herzegovina, Association SLAP-Croatia) and is focused on raising awareness and education about green economy. Four educational materials (brochure on green economy and green entrepreneurship, brochure on good practice in GE; manual on green economy and green entrepreneurship; study on the possibilities to develop green economy) were 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 August 2021. In 2021 the focus was on production of a series of educational materials. Five-subgrants were provided to local CSOs for implementing green economy projects in their communities and had a chance to advocate and promote the concepts of green economy and green entrepreneurship and their importance for sustainable development among general public, local and national authorities.

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

## 1.1 PROJECTS (2021/2020) (continued)

**(5) Promoting energy transition in North Macedonia, funded by CEE Bankwatch Network, through the SIDA programme**

The objective of this project was to ensure the energy transition of the country is just, through ensuring broad participation in planning for the just transition, as well as advocacy and awareness-raising for a just transition away from coal use and for protecting the climate. The focus of Eko-svest during this project was in the area of “Increasing capacity and support for member groups’ and partners’ campaigns against coal and build the case for alternatives” and “Improving transparency of the targeted institutions (EBRD, EIB) by addressing weaknesses in at least one of them”. The project took place from 1<sup>st</sup> January until 31<sup>st</sup> December 2021 and the main activities conducted were the following: Stakeholder mapping for just transition, National platform for just transition, Position paper on the just transition in the country, Expert round table on Just Transition, and Campaign for Just Transition. Thus, all these processes and documents produced will be further used to shape the national just transition process according to recommendations coming from local population in coal regions.

**(6) Communities for Just Transition by Climate Action Network Europe**

The purpose of this project was to empower communities and prepare the ground for a successful start of the just transition process in Kichevo region. To achieve this Eko-svest worked with local communities in Kichevo region to increase their capacities and support their work to form RES cooperatives. We mapped relevant stakeholders and established good communication with representative from municipal council, regional chamber of commerce and small local green businesses. Through a public campaign on the importance of climate action and just transition on local level we worked to further raise awareness on the importance of local communities in the just transition process.

The project took place from 1<sup>st</sup> January until 30<sup>th</sup> November 2021 and the main activities conducted were the following: Capacity building workshops for local communities, Communication and coordination with local communication in Belica, Advocacy and comments regarding Just transition plan for Kichevo region, Just transition fair and Campaign for Just Transition. Thus, all these processes and documents produced will further be used to shape the national just transition process according to recommendations coming from local population in coal regions.

**(7) Stay safe, funded through the Center for environment in BiH from Sida**

This project is implemented in partnership with the SEENET partnering organization from the Western Balkan region, led by the Centre for Environment from Bosnia and Herzegovina, and funded by the SIDA through the BCSDN, and is focused on raising awareness about the environmental defenders' human rights and freedom of expression. In the course of the project, a comparative legal and case study was conducted, where a detailed overview of the national legislation regarding the protection of activists’ rights, along with a number of cases of human rights violations in the country, is designed to serve as clear guidance for the activists in future cases of the violation of their rights. To raise the awareness of the violation of the human rights of the environmental activists, a documentary movie showcasing the situation of common problems in this Western Balkan region was produced and broadcast. Capacity-building workshops were conducted to empower the environmental defenders and CSOs in the practical implementation of the legal measures in defending their human rights under the national legislation. A promotional social media campaign and advocacy actions with national stakeholders contributed greatly to raising awareness and acceptance of the position of the environmental defenders in the Western Balkan region.

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

## 1.1 PROJECTS (2021/2020) (continued)

**(8) Protected areas for nature and people, funded through WWF Adria from Sida**

During 2021 Eko-svest organized a set of roundtables to discuss challenges in the nature protection practices and policies with a wide range of stakeholders. The recommendations from these roundtables were adopted by the stakeholders involved and are the basis for future policy improvements. A public campaign with a variety of products was conducted during the year and in partnership with the Ministry of environment. It covered informative and educational videos, posts and articles about the importance of protecting our natural values and biodiversity. Through the campaign we also marked important days for the protection of nature, biodiversity and parks. An initiative to stop the adoption of the draft Law on the determination of the status of illegal constructions was submitted to the President of North Macedonia by more than 30 organisations, and resulted in prevention of the adoption of this version of the law, which would potentially have great negative impacts on protected areas. During the year, Eko-svest was involved in several processes for adoption of management plans, laws on proclamation of protected areas and new legislation (such as the Law on water) in order to support the transposition of EU Directives in the national legislation and improve practices for managing protected areas on national level. Two grantees were supported through the project to work on monitoring illegal practices in the Shar Mountain (CED) and Jablanica and Galicica Mountains (Natura MK). The project continues in 2022.

**(9) CSOs Action for Climate, funded by SIDA, Embassy of Sweden Skopje**

CSO's Action for Climate represents a three years-long project which started with implementation in September 2021 and is considered a strategic one for the Eko-svest cooperation with the Swedish International Development Agency-Sida.

The main goal of the project is to promote a strong and vibrant civil society that plays a meaningful role in the process of decarbonization, transformation, and renewal of the society, resulting in a clean environment, green economies, and healthy citizens in North Macedonia. CSO's Action for Climate will also contribute to strengthening and empowering the civil society to take part in climate-related decision-making and take local action through improving their capacities, knowledge, and skills and providing the necessary resources for this work. Moreover, the project will increase public awareness about the possibilities for low carbon economies and green transformation and build public pressure on institutions to ensure these developments through policy and program changes.

One of the essential components of the project is the sub-granting program which will contribute to promoting local actions and collaboration between local authorities, municipalities, and grassroots organizations. 16 sub-grants will be awarded to local organizations to promote local climate actions.

**(10) Strengthening the role of CSOs in decision-making through advocacy for establishing a Fund for Environment, funded by GEF Small Grants Programme**

The project "Strengthening the role of CSOs in decision-making through advocacy for the establishment of an Environmental Fund" focuses on proposing a solution for the establishment of an Environmental Fund and consulting it with relevant stakeholders. In that regard, a study was prepared by a relevant expert and it was consulted with a working group of relevant stakeholders on several occasions and several advocacy activities were made to establish such a fund. Additionally, to ensure multi-directional pressure, the project has a public-oriented component through a campaign that takes place through both traditional and electronic media.

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

## 1.1 PROJECTS (2021/2020) (continued)

**(11) Exploring pathways for lowimpact energy solutions in North Macedonia, funded by The Nature Conservancy**

In the frame of the partnership established with The Nature Conservancy and the Macedonian Academy of Sciences and Arts, Eko-svest started a project on smart energy planning in order to accelerate the development of solar and wind energy in the country and respond to the goals defined in the ambitious energy strategy adopted in 2019. The Academy was performing an analysis to identify the energy potential located on degraded land such as abandoned mines and quarries and Eko-svest performed an in depth stakeholder analysis. Through a public survey on a representative number of citizens and several focus groups Eko-svest managed to obtain the opinions of various stakeholders in the process and design principles of application of the smart energy planning. The goal of the project is to identify ideal locations for the development of solar and wind energy without negative impact to natural and protected habitats, local communities and agricultural land. The project continues in 2022.

**(12) Raising awareness about the negative impacts from the hydropower development, funded by the Sigrid Rausing Trust**

To raise awareness about the negative impacts of the hydropower development, in particular, small hydropower plants in the country, a public awareness campaign was designed and implemented during December 2021-February 2022. The campaign was designed to have a three-folded impact: to advocate abolishing subsidies for the small hydropower plants based on the economic study, to strengthen the legal and monitoring framework through the collaboration with institutions on the Water Law and inspectorate, and to amplify the voice of local communities against small hydropower plants. The realization of the campaign took place through TV broadcasts and interviews, social media posts, panel discussions with the relevant stakeholders, and direct field communication with local communities affected by the small hydropower plants. To administrate the campaign different communication means were produced, such as a short documentary film, a TV spot, short videos, and social media posts. The TV campaigning took place on three national TV stations and ten local TV stations, gaining 950,000 TV views and securing a TV audience reach of up to 400,000 viewers. The social media campaigning managed to gain a reach of more than 3,750,000, with 666,000 video views. In addition, 4,500 citizens signed the online petition supporting the initiative for abolishing subsidies for the small hydropower plants. The entire campaign was in the amount 18.000euro.

**(13) GLOBE sustainable programme, funded by the US Embassy in North Macedonia**

For the purpose of restarting the NASA educational programme GLOBE in North Macedonia, Eko-svest in cooperation with the Ministry of environment and physical planning engaged 31 elementary schools by training the teachers to implement the programme and procured a set of equipment, tools and practical means for the schools.

The project ended in December 2021, however, with the provided trainings and equipment, the teachers and students continue to implement the programme by conducting measurements and recording data for water, soil and air as media of our environment.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2021**

**1.1 PROJECTS (2021/2020) (continued)**

**(14) Citizen science in service to biodiversity protection, funded by PONT and CEPF**

At the end of 2021, Eko-svest in partnership with Natura MK started a project in the Monument of nature "Vechanski Izvori" for integration of citizen science in the monitoring of important forest species in the area. By using the application INaturalist, Eko-svest and Natura Mk, together with the local community and visitors will identify and map species on the territory of the protected area in order to generate data that can be used in the future for analysis and development of plans to be implemented by the protected area manager, in accordance with the management plan. The project lasts until June 2022, until when a series of field visits and trainings will take place, as well as preparation and distribution of a series of educational materials and work guides.

**1.2 PUBLICATIONS (2021/2020)**

- Stay safe and speak out (2021)
- Team ECO (2021)
- Our green future or green future of the region (2021)
- Analysis of the state aid support to renewable energy sources (2021)
- Catalogue of implemented projects through the small grants programme (2021)
- Analysis of the impacts of small hydro power projects on the geomorphology and forests (2021);
- Comic book Team ECO (2020), prepared in cooperation with Makstripovi, an association for the promotion of the comic book culture in North Macedonia.
- The Story of Coalman picture book (2020), prepared in cooperation with Makstripovi, an association for the promotion of the comic book culture in North Macedonia.
- Toolkit on green economy and green entrepreneurship (2020), prepared and published in co-operation with partners from the GEAR project.
- Examples of good practices in green economy and green entrepreneurship (2020), prepared and published in cooperation with partners from the GEAR project.
- Analysis of the level of transposition of selected Directives in the Chapter 27 (2020.)
- Green economy and green entrepreneurship (2020), prepared and published in cooperation with partners from the GEAR project.
- Analysis of the potentials for photovoltaic installations in the Kichevo region (2020) prepared in cooperation with external expert Dragan Minovski.
- Analysis of the alternative tourism and sustainable development in the Kichevo region (2020) prepared in cooperation with external expert Aleksandar Panajotov.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2021**

**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, 2021

### 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 an intended purposes and are not intended for business purposes.

For the financial statements for the year ended 2021 income tax is paid to the own generated income if exceeds Den 1,000 thousand by applying tax rate of 1%.



**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2021

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.4 Tangible assets**

Tangible assets of the Association comprise 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 in bank accounts in commercial banks.

Cash in hand and cash in 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.

**3.7 Operative Reserve Fund**

In conformity with the adopted Eko-Svest' Reserve Fund Policy (December 28, 2021), the Operative reserve fund is initially formed within the Statement of Financial Position of unrestricted income throughout the whole year. The ORF Policy is applicable from January 1, 2022.

- The target value of the Eko-Svest' ORF is determined as a percentage of operational expenses in the previous year, as determined by the Eko-Svest' Presidency.
- The target value of the ORF will be achieved in a period of 3-5 years. In the meantime, ORF can be used when needed and restored.

The adequacy of the predetermined minimum of the ORF can be changed due to many factors such as changes in economic circumstances.

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

4. REVENUES FOR PROJECTS IMPLEMENTATION, DONATIONS,  
MEMBERSHIP & SERVICES PROVIDED (Note 1.1)

	In Denars	
	Year Ended	
	December 31,	
	2021	2020
<b>1. Projects</b>		
-Save the Blue Heart Campaign in partnership with Front 21/42	-	222,238
-PA4NP via WWF Adria	2,059,984	2,963,828
-Just transition project supported by CAN Europe- Europe Beyond Coal	524,405	178,743
-European Climate Foundation ECF	1,737,550	1,751,885
-European Climate Foundation- FFF	-	344,410
-EEB Transfers for covering travel costs	-	29,692
-Activities of CEE Bankwatch Network	1,567,338	1,904,065
-CEE Bankwatch Network – small grant from SIDA	1,695,902	803,565
-Delegation of European Union in North Macedonia		
Projects Communities communicating climate change	414,667	2,802,112
-Delegation of the European Union-Decarbonisation project	-	2,760,166
-Cooperation with DUH on Nox measuring	-	294,532
-GEAR project, via FORS Montenegro	-	1,449,833
-Balkan Green Foundation	246,420	-
-Sigrid Rausing Trust	5,331,523	-
-CSOs Action for Climate, funded by SIDA	18,065,400	-
-GEF SGP NP	1,025,451	-
-Exploring pathways for low impact energy solutions in MK-TNC	1,002,972	-
-GLOBE sustainable program US Embassy	1,033,826	-
-PONT Citizen Science in Service to Biodiversity Protection	615,234	-
-Stay Safe and Speak Out	264,078	-
-Enclude	1,780,887	-
	<b>37,365,637</b>	<b>15,505,069</b>
<b>2. Membership</b>	<b>4,440</b>	-
<b>3. Donations</b>		
-Donations from members	-	20,932
-Support to Ecosphere	-	3,000
	-	<b>23,932</b>
<b>4. Services provided</b>		
-Humanitarian Race	-	15,444
-EDRM	-	18,508
-Macedonian Ecological Society	-	61,000
-GGC Go green collaboration on the climate toolkit	700	48,270
-Other	594,521	-
	<b>595,221</b>	<b>143,222</b>
<b>TOTAL (1+2+3+4)</b>	<b>37,965,298</b>	<b>15,672,223</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2021**

**5. FINANCIAL GAIN / (LOSS) –NET**

	<b>In Denars</b>	
	<b>Year Ended</b>	
	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
FOREX loss	(43,967)	(56,389)
FOREX gain	121,500	29,984
Interest income	-	-
Interest loss	(151)	(46)
	<b><u>77,382</u></b>	<b><u>26,451</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2021**

**6. OPERATIONAL EXPENSES**

	<b>In Denars</b>	
	<b>Year Ended</b>	
	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Office materials consumed	947,020	95,906
Energy & communal expenses	21,028	20,204
Renting business premises	254,700	264,000
Post, telephones, internet	186,164	99,679
Bank charges	70,930	78,605
Intellectual services	5,648,356	2,916,543
Donations to other entities	8,709,213	6,485,135
Promotional materials	341,182	556,423
Membership	66,012	88,225
Other miscellaneous	826,143	833,438
	<b><u>17,070,748</u></b>	<b><u>11,438,158</u></b>

Donations to other Entities in 2021:

- Five sub-grants are awarded to local civil society organizations for the implementation of green economy related projects in their communities within the project GEAR-Green economy for an advanced region, supported by the European Commission in total amount of Den 311,959.
- Funds in total amount of Den 651,767 have been allocated as a final installment of sub-grantees within the project Communities Communicating Climate Change, funded by the Delegation of the European Union in North Macedonia.
- Within the project Action for Climate (CSOs Action for Climate, funded by SIDA, Embassy of Sweden Skopje), funds in total amount of Den 7,452,324 were allocated to partner organizations for implementation of project activities.
- Within the project, Protected Areas for Nature and People II 2019-2022, founded through WWF Adria from Sida one grant was supported through the project with amount of Den 307,950.

Donations to other Entities in 2020:

Equipment for the establishment of the ranger service in the Vevcani springs Monument of nature, to the Municipality of Vevcani and donations as financial support of CSOs through the sub-granting programs of Eko-svest Skopje.

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2021**

**7. STAFF COSTS**

	<b>In Denars</b>	
	<b>Year Ended</b>	
	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Gross salaries for employees	8,610,923	6,877,876
Allowances	91,784	109,840
Per diem	96,228	28,833
	<b><u>8,798,935</u></b>	<b><u>7,016,549</u></b>

**8. CAPITAL EXPENSES**

	<b>In Denars</b>	
	<b>Year Ended</b>	
	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Equipment & furniture	807,217	1,220,331
IT Software	707,002	223,005
	<b><u>1,514,219</u></b>	<b><u>1,443,336</u></b>

In 2021, Eko-Svest Skopje implemented upgrade to the IT Software Eco Map ([www.ekomapa.mk](http://www.ekomapa.mk)) in amount of Den 406,044 as part of the Project Communities Communicating Climate Change financed by the European Union.

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2021**

**9. TANGIBLE AND INTANGIBLE ASSETS-NET (2021/2020) (In Denars)**

	<u>Tangible assets</u>	<u>Intangible assets</u>	<u>TOTAL</u>
<b>As of</b>			
<b>1 January 2021</b>	<b>3,145,291</b>	<b>161,803</b>	<b>3,307,094</b>
Additions	1,068,704	406,044	1,474,748
Write off	-	-	-
<b>As of</b>			
<b>31 December 2021</b>	<b>4,213,995</b>	<b>567,847</b>	<b>4,781,842</b>
<b>Accumulated depreciation</b>			
<b>As of</b>			
<b>1 January 2021</b>	<b>(1,150,278)</b>	<b>(20,424)</b>	<b>(1,170,702)</b>
Charge for the year	(685,392)	(88,497)	(773,889)
Write off	-	-	-
<b>As of</b>			
<b>31 December 2021</b>	<b>(1,835,670)</b>	<b>(108,921)</b>	<b>(1,944,591)</b>
<b>Carrying amount</b>			
<b>At</b>			
<b>31 December 2021</b>	<b>2,378,325</b>	<b>458,926</b>	<b>2,837,251</b>
<b>Carrying amount</b>			
<b>At</b>			
<b>31 December 2020</b>	<b>1,995,014</b>	<b>141,379</b>	<b>2,136,393</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2021**

**10. CASH AND CASH EQUIVALENTS**

	<b>In Denars</b>	
	<b>Year Ended</b>	
	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Cash in banks – Denars	17,855,779	6,783,127
Cash in hand – Denars	2,816	-
Cash in hand – foreign currency	1,465	1,465
Cash in banks – foreign currency	677,820	989,673
	<b>18,537,880</b>	<b>7,774,265</b>

**11. TRADE AND OTHER RECEIVABLES**

	<b>In Denars</b>	
	<b>Year Ended</b>	
	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Trade receivables-local	-	-
Accruals	18,054	-
	<b>18,054</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2021**

**12. BUSINESS FUND**

	<u>Business Fund</u> <u>2021</u>	<u>Business Fund</u> <u>2020</u>
	<u>In Denars</u>	
<b>As of</b>		
<b>January 1,</b>	<b>2,136,393</b>	<b>887,323</b>
Additions – intangible	406,044	161,804
Additions – tangible	1,068,704	1,544,978
Write off	-	-
Current year amortization	(88,497)	(20,424)
Current year depreciation	(685,392)	(437,288)
<b>As of</b>		
<b>December 31,</b>	<b><u>2,837,251</u></b>	<b><u>2,136,393</u></b>



**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2021**

**13. TRADE AND OTHER PAYABLES**

	<b>In Denars</b>	
	<b>Year Ended</b>	
	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Trade payables to local companies	44,117	6,884
Advances received	73,124	-
Personnel Tax payable (office rent related)	20,963	11,022
Payable to individual involved in project implementation	3,072	3,072
Employees' salaries related payables	2,593	-
Excess of revenues over expenses	18,412,065	7,753,287
	<b><u>18,555,934</u></b>	<b><u>20,978</u></b>

**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, 2021 and 2020 are as follows:

	<b>December 31,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2020</b>
EUR	61,6270	61,6940
USD	54,3736	50,2353