

Financial statements and Independent auditor's report

FOR THE YEAR THAT ENDS ON 31.12.2020
BALKAN CIVIL SOCIETY DEVELOPMENT NETWORK

July, 2021

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TO
THE COUNCIL, BOARD AND EXECUTIVE DIRECTOR OF BALKAN CIVIL SOCIETY
DEVELOPMENT NETWORK

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of BALKAN CIVIL SOCIETY DEVELOPMENT NETWORK, which comprise the balance sheet as of December 31, 2020 and the income statement for the year that ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Law on Accounting for Not for Profit organizations in Republic of North Macedonia and internal control relevant to the preparation and fair presentation 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 accepted and published in the Official Journal of Republic of North Macedonia no. 79 of 11 June 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position as of December 31, 2020, and its financial performance, for the year then ended in accordance with Law on Accounting for Not for Profit organizations in Republic of North Macedonia.

Report on other legal and regulatory requirements

The Management is responsible for preparation of the year ended financial statement and annual report.

According to the article 34(d) of the Audit Law and according to the International Standard on Auditing (ISA) 720 "The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements" our responsibility is to express an opinion on the consistency of the annual report with the annual accounts and financial statements for the same fiscal year.

In our opinion the annual report and annual accounts for the year ended 31.12.2020 are consistent in all material respects the financial information disclosed in the audited financial statements for the same period.

Skopje, 20.07.2021

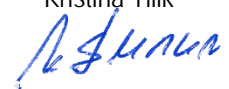
For Effect Plus DOOEL Skopje
Certified Auditor responsible for the audit

Miov Nikolaki




Managing partner

Kristina Tilik



**FINANCIAL STATEMENTS FOR THE YEAR ENDED
AT DECEMBER 31, 2020**

INCOME STATEMENT

	Notes	2020 InMKD	2019 InMKD
Total income		<u>23.093.412</u>	<u>18.840.908</u>
Income from activities	(4)	153.542	682.349
Project activities income	(5)	22.840.664	18.085.580
Financial income	(6)	99.206	72.979
 Total Expenses		 <u>(23.093.412)</u>	 <u>(18.840.908)</u>
Material expenses and services	(7)	(921.501)	(1.065.582)
Other expenses	(8)	(15.666.309)	(12.807.566)
Salaries	(9)	(6.349.341)	(4.801.406)
Capital expenditures		(156.261)	(166.354)
 Surplus of income over expenses before taxation		 =	 =
Income tax			
Surplus of income over expenses after taxation		=	=

These financial statements have been approved and adopted by the management as of 28.02.2021


 For BCSDN
 Biljana Spasovska
 Executive director

Notes on page 7 - 14 are integral part of the Financial Statements

BALANCE SHEET

	Notes	2020 InMKD	2019 InMKD
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	(10)	354.229	360.921
Current assets			
Tax receivables	(11)	133.182	133.182
Other receivables	(12)	40.670	40.670
Deferred expenses		29.154	
Cash and cash equivalents	(13)	70.087.420	34.925.833
Total assets		<u>70.644.655</u>	<u>35.460.606</u>
Funds and liabilities			
Funds			
Funds	(14)	974.229	972.072
		974.229	972.072
Total liabilities			
Payables	(15)	69.670.426	34.488.534
Tax payables	(16)	33.332	50.562
Pre-paid expenses and deferred income	(17)	29.154	0
		133.182	133.182
Project activities payables	(18)	69.474.758	34.304.790
Total funds and liabilities		<u>70.644.655</u>	<u>35.460.606</u>

These financial statements have been approved and adopted by the management as of 28.02.2021

For BCSDN



Notes on page 7 – 14 are integral part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Foundation Balkan Civil Society Development Network Skopje (hereinafter BCSDN) is legally registered on 06.07.2009 in Skopje, Macedonia with address Makedonija n.43-entrance 1 floor 4/9, Centar with ID number 6524710 and VAT number 4057009503419.

Founders of the BCSDN according to the article 3 from the Statute of BCSDN are as follows:

1. Albanian Civil Society Foundation, Tirana, Albania;
2. Center for Development of NGO's, Podgorica, Montenegro;
3. Centre for Information Services, Cooperation and Development of NGO's, Ljubljana, Slovenia;
4. Center for Promotion of Civil Society, Sarajevo, Bosnia and Hercegovina;
5. Cenzura Plus, Split, Croatia;
6. Civic Initiatives, Belgrade, Serbia;
7. Diakonia Agapes, Tirana, Albania;
8. Kosovar Civil Society Foundation, Pristina, Kosovo;
9. Macedonian Center for International Cooperation, Skopje, Macedonia;
10. Opportunity Associates Romania, Bucharest, Romania;
11. Vesta Association, Tuzla, Bosnia and Herzegovina.

The vision of the BCSDN is sustainable peace, harmony and prosperity of societies in the Balkan region.

The goals of the BCSDN are:

- Increase the role of civil society by strengthening its voice in policy- and decision-making at national, regional and EU level;
- Promote the civil dialogue between the civil society actors, state institutions and the European Union in order to influence the public policies;
- Developed advocacy knowledge and skills among civil society actors as a base for greater impact; and
- Strengthen communication, coordination and cooperation between the civil society actors in the Balkan region.

The initial fund as registered in the Central Registry of Macedonia is amounting 10.000 EUR.

The legal form is 10.6 Foundation

Code of activity: 94.99 Activities of other organizations based on membership, not mentioned under other codes.

The Governing bodies are the Council and the Board.

The Executive bodies are the Executive Office and The Executive Director.

Authorized person is Mrs. Biljana Spasovska.

2. BASIS OF PREPARATION

The financial reports are prepared regarding applicable laws and regulation to Non-profit organizations.

The financial reports are based on accounting principle of modified recognition of the effects of transactions and going concern assumption. The financial statements are prepared in accordance with the adopted accounting policies disclosed in note three.

The Macedonian Denar (MKD) is the functional currency.

These financial statements are presented in Macedonian denars according to the information for the period to date 31.12.2020, compared with the information from 01.01-31.12.2019.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used for the preparation of the financial statements are as follows:

3.1 Recognition of income

The income is recognized based on accounting principle of modified recognition of the effects of transactions and other events. The transactions related to income are recognized when they occur if the cash or its equivalent is received latest the thirty day after the date of the financial reports. Otherwise they are recorded in the accounting records and reported in financial statements as deferred income.

The recognition of income from donations with the clause to return the unspent funds occurs at the level of project costs reported in the current year. The rest of the received donation is presented as liability.

The interest income is recognized according the reflection of the effective inflow of the assets, if received latest after 30 days after the date of the financial reports.

3.2 Recognition of expenses

The expenses are recognized based on accounting principle of modified recognition of the effects of transactions and other events. The transactions related to expenses are recognized when they occur if the cash or its equivalent is paid latest the thirty day after the date of the financial reports. Otherwise they are recorded in the accounting records and reported in financial statements as deferred expenses.

The NGO's calculate annual income tax on the total revenue from activities reduced for 1 million MKD, using a rate of 1%.

3.3 Capital costs

Capital costs are recognized when purchased asset increases the expected future economic benefits of intangible assets. Capital costs are recorded when fixed assets are purchased or manufactured which adds value to existing fixed assets. At the same time, they are recorded as an asset in the balance and recorded in the funds of BCSDN.

3.4 Calculation of the foreign currencies and accounting treatment of the exchange rate differences

Calculation of all receivables and liabilities in foreign currencies in their MKD equivalent, are stated at average exchange rate valid on the balance sheet.

The positive and negative exchange rate differences caused by the calculation of receivables and liabilities in the value of foreign currencies in their MKD equivalent are shown in the income statement as income or funding expenses in the year to which they apply.

The value of foreign currencies used on 31.12.2020 is as follows:

Currency	2020 MKD	2019 MKD
1 EUR	61,6940	61,4856
1 USD	50,2353	54,9518

3.5 Property, plant and equipment

An asset is recognized as equipment when it is certain that the entity owns it and that he will realize future economic benefits and when the cost of its acquisition can be objectively measured.

The cost of an asset includes the cost of its acquisition, which includes:

- ✓ invoice value of the asset (decreased by any discounts and rebates)
- ✓ customs and taxes during the purchasing;
- ✓ initial costs associated with shipping and handling;
- ✓ installation costs and;
- ✓ compensate for experts related to the asset.

Equipment is recognized by its historical value lowered for the accumulated depreciation. The costs incurred for the maintenance are recognized as administrative costs. In case of disposal of the assets their value is recognized as other costs. The value of assets up to 100 EUR is recorded as an inventory.

Expenditure incurred during the use of tangible assets are recorded separately and are capitalized only if they are probable future economic benefits that would represent inflows into the Foundation.

The calculation of depreciation is straight-line depreciation method prescribed under the annual depreciation rates for 2020 are as follows:

Description	Rate
Office and computer equipment	12-20%

The depreciation is lowering the funds for fixed assets of the Organization.

3.6 Receivables

Receivables are recognized by the calculated amounts in accordance with the legal regulations.

3.7 Cash and equivalents

The cash and cash equivalents include cash and accounts in domestic banks and deposits with maturity up to three months. Transactions denominated in foreign currencies have been translated into Denars at rates, set by the National Bank of the Republic of North Macedonia (NBRM), at the dates of transactions.

3.8 Liabilities and other liabilities

Liabilities to suppliers and other liabilities are translated at the height of the nominal amounts resulting from business transactions.

3.9 Funds and reserves

Funds are principal sources for the own assets. They include initial deposit for founding of BCSDN and additionally assets.

3.10 Revalorization

The revalorization is calculated on long-term assets for its revaluing, with using the growth products prices rate on industrial products published by the State Statistical Office.

The revalorization base is represented by the assets historical value and accounting reported accumulated depreciation. The result is reported in revalorization reserves.

3.11 Contributions for pension and disability insurance

Foundation made payments of contributions for pension and disability insurance to employees in accordance with domestic legislation. Contributions based on salaries of employees shall be paid into the national fund and through it to private pension funds to individual employees. Foundation doesn't have any additional obligations related to the payment of these contributions.

Foundation is obligated to pay the employees who leave for retirement severance minimum corresponding to two average monthly salaries paid in state at the time of retirement. Foundation doesn't have any reservations for this right to employees because it is considered that the amount is insignificant for the financial statements and the probability of their occurrence is currently low.

4. Incomes from activities

Incomes from activities includes income from annual membership fees and additional consultancy services.

Description	2020	2019
Incomes from membership fees	153.542	276.462
Income from other services	-	405.887
Total	153.542	682.349

5. Project activities incomes

The revenue recognition from donations with the clause to return the unspent funds occurs at the level of project costs reported in the current year. According to this policy in 2020 BCSDN has incomes related with project activities amounting 22.840.664 MKD (2019: 18.085.580 MKD).

The details for the donations per donor are presented in the table below:

Donor	2020	2019
European commission - MCIC	1.661.580	673.825
The German Marshall Fund - BTD		2.284.506
International Civil Society Centre (ICSC)	1.266.235	1.827.380
CPDE	902.832	-
CIVICUS	636.323	
EED	753.873	
Rockefeller Brothers Fund (RBF)	3.389.716	2.136.883
SIDA – CS Development HUB	8.703.967	8.832.957
BCSDN and others	1.454.324	1.833.756
GDSI Limited	4.071.814	496.274
Total	22.840.664	18.085.580

During 2020 the following projects were implemented by BCSDN:

<u>Project Title</u>	<u>Donor</u>	<u>Implementation period</u>
Going the distance: Building shared commitment for CSOs sustainability	European Commission through MCIC	01.01.2018-30.04.2021
CIVICUS research partner	Civicus House	01.07.2019-30.06.2020
CSO Sustainability Index (CSOSI) in Macedonia	Family Health International (FHI 360)	22.11.2019-31.08.2022
Resilient Civil Society in Times of Scrutiny	International Civil Society Centre (ICSC)	01.10.2019-31.09.2020
Support the Successful Integration of the Western Balkans into the EU	Rockefeller Brothers Fund (RBF)	06.03.2019-06.03.2021
Protecting Civic Space – Regional Civil Society Development Hub	The Swedish International Development Cooperation Agency (SIDA)	01.07.2019-30.06.2021
Technical assistance for civil society organizations (EU Tasco 3) in the Western Balkans and Turkey	GDSI Limited	18.12.2018-17.12.2021

6. Financial incomes

Description	2020	2019
Incomes from positive exchange rate differences	99.206	72.979
Total	99.206	72.979

7. Material expenses and services

Description	2020	2019
Consumables	43.808	99.992
Electricity	10.370	27.720
Telecommunication, postal services and internet	246.095	176.663
Transport services	19.836	278.173
Maintenance costs	77.128	60.561
Rents	524.264	422.473
Total	921.501	1.065.582

8. Other expenses

Description	2020	2019
Bank provision	174.889	173.699
Insurance	4.210	2.532
Per diems and travel expenses	587.378	1.516.046
Loss from foreign exchange differences	389.065	19.202
Membership fees	47.663	526.855
Intellectual and other services	3.503.915	1.823.167
Other expenses	824.782	287.835
Marketing costs and hospitality	96.730	0
Transferred assets to other entities	10.037.677	8.458.230
Total	15.666.309	12.807.566

In intellectual services and other expenses are included transferred assets for the partner's project activities according to the agreements for the project implementation, expenses for audit and accounting services, legal services etc.

The transferred assets to other organizations as of 31.12.2020 and 2019 are as follows:

Organization	2020
Caucasus research recourse	47.258
Center For Information, Coo.Pov	409.762
Center for Civil Society promotion	1.726.845
Creda consulting LTD	185.085
Centre.for development.of ngo organisations CRNVO	1.726.841
FOND Romania	808.316
Kosovar Civil Society Found.	492.947
Partners Albania - Cen.Forchan	1.774.103
Coalition SEGA Prilep	194.760
MCIC	1.754.433
RC Kumanovo Rezanovce	242.622
Romalitiko Skopje	208.413
Helsinki committee for human rights	238.144
Center for climate change	228.148
Total	10.037.677

Organization	2019
CDP Globus	54.152
Center for the development of social entrepreneurship "Globe"	1.284.052
Centre.for development.of ngo organisations CRNVO	1.284.052
Civic initiatives Serbia	4.181.632
CROSOL-Croatian Platform for International Citizen Solidarity	54.116
Instituto de Comunicacion y Desarrollo (ICD)	99.891
Integra NGO	54.167
Partners Albania for Change and Development	54.152
Qendresa qytetare – Civic Resistance	54.116
MCIC	1.229.900
Sfera Macedonia	54.000
Center for youth activism KRIK	54.000
Total	8.458.230

9. Salaries

Description	2020	2019
Gross salaries	6.219.525	4.743.966
Vacation fee payment	123.416	57.440
Other remuneration for employees	6.400	-
Total	6.349.341	4.801.406

As at 31.12.2020 BCSDN has 7 employees.

10. Property, plant and equipment

Description	Equipment and office furniture
Cost	
Balance as of 01.01.2020	944.371
Additions for current year	109.090
Cost as of 31.12.2020	1.053.461
Accumulated depreciation	
Balance as of 01.01.2020	583.450
Depreciation for the current year	115.782
Depreciation as of 31.12.2020	699.232
Cost	
Balance as of 01.01.2019	730.846
Additions for current year	213.525
Costs as of 31.12.2019	944.371
Accumulated depreciation	
Balance as of 01.01.2019	494.870
Depreciation for the current year	88.580
Depreciation as of 31.12.2019	583.450
Balance as of 01.01.2020	360.921
Balance as of 31.12.2020	354.229

11. Tax Receivables

BCSDN as of 31.12.2020 has pre-paid income tax from prior years and requested contribution for project activities paid VAT.

Description	2020	2019
Income tax	5.319	5.319
Other tax	127.863	127.863
Total	133.182	133.182

12. Other receivables

Description	2020	2019
Deposits	40.670	40.670
Total	40.670	40.670

13. Cash and cash equivalents

Description	2020	2019
MKD bank accounts	1.185.010	3.453.655
Petty cash	599	2.249
Foreign currency bank accounts	68.901.811	31.469.929
Total	70.087.420	34.925.833

14. Funds

BCSDN's initial fund prescribed in the Central registry of Macedonia are amounting 10.000 euro or 620.000 MKD.

Description	2020	2019
Funds – Fixed assets	354.229	352.072
Funds – Initial fund	620.000	620.000
Total	974.229	972.072

15. Payables

Description	2020	2019
Domestic payables	33.332	50.562
Total	33.332	50.562

16. Tax payables

BCSDN as of 31.12.2020 has tax liabilities amounting 29.154 MKD (2019: none).

17. Pre-paid expenses and deferred income

BCSDN as of 31.12.2020 has prepaid expenses and deferred income amounting 133.182 MKD (2019: 133.182 MKD).

18. Project activities payables

As of 31.12.2020 BCSDN has liabilities for implementing project activities 69.474.759 MKD (2019: 34.304.790 MKD) transferred for the next year.

Donor	2020	2019
Anti-Corruption / European commission - MCIC		(60.987)
BCSDN and others	961.009	1.246.223
BTD (01.01.2019-30.06.2019)		44.005
Civica Mobilitas		277.580
CPDE	149.664	(951.494)
GDSI		(496.274)
Global Cso 01.10.19-30.09.20		954.716
Global Cso Acc Extension 30.06		324.603
RBF Rockefeller Brothers Fund	47.742	581.897
SIDA – CS Development HUB	67.688.330	31.283.500
"Going the distance" / European commission - MCIC	241.732	1.101.022
D & I	440.282	
Total	69.474.759	34.304.790

19. Subsequent events

No events have been occurred after the balance sheet date which should be included in this report.

ANNUAL REPORT