

BALKAN CIVIL SOCIETY DEVELOPMENT NETWORK



**Financial statements
For the year ending on December 31 2011
And Independent Auditor's Report**

Skopje, 10 April 2012

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INDEPENDENT AUDITOR'S REPORT

To the Management of BALKAN CIVIL SOCIETY DEVELOPMENT NETWORK

Report for the financial statements

We have performed an audit of the accompanied financial statements of **Balkan Civil Society Development Network (BCSDN)** Skopje, which comprise the Statement of financial position as of December 31, 2011, as well as the Statement of revenue and expenses, Statement of changes in equity, Statement of cash flows for the year ending then, together with the review of the significant accounting policies and other explanatory notes.

Responsibility of the management for the financial statements

The management is responsible for preparation and objective presentation of these financial statements in accordance with the International Financial Reporting Standards, and internal controls which are relevant for preparation and objective presentation of the financial reports freed from material faulty presentation, no matter if it is a result of fraud or mistake.

Responsibility of the Auditor

Our responsibility is to express an opinion for these financial statements on the basis of our audit. We have performed our audit in accordance with the International Audit Standards. These standards require us to respect the ethical requirements and plan and perform the audit in order to obtain reasonable assurance whether the financial statements are free from material faulty presentations.

The audit includes performance of procedures for gaining audit evidence for the amounts and disclosures in the financial statements. The procedures selected, depend on the judgment of the auditor, including also the assessment of risks from material wrongly presentations of the financial reports, no matter if they are result of fraud or error. When the auditor makes these assessments of the risk, the auditor takes in consideration the internal control relevant for preparation and objective presentation of the financial statements of the entity, in order to choose audit procedures relevant for the circumstances, not for the goal to express an opinion for the effectiveness of the internal control of the entity. The audit also includes estimation of the appropriateness of the accounting policies used, and the reasonableness of accounting valuations made by the management, as well as valuation of the presentation of financial statements.

We believe that the audit proofs, that we have gathered, are sufficient and appropriate in order to secure basis for our audit opinion.



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Opinion

In our opinion, the financial statements present objectively in all material aspects the financial condition of **Balkan Civil Society Development Network (BCSDN)** for the year ending on 31 December 2011, as well as its financial success and its cash flows for the year ending then, in accordance with the International Financial Reporting Standards which apply in Republic of Macedonia.

Certified Auditor

Ljubica Joanidis
Skopje, 10 April 2012

Manager

Dimitar Andonovski
BAKER TILLY MAKEDONIJA, Skopje

BALKAN CIVIL SOCIETY DEVELOPMENT NETWORK

STATEMENT OF FINANCIAL POSITION

for the year ending on December 31, 2011

	Note	2011 Denars	2010 Denars
ASSETS			
Non-current assets			
Property and equipment	1	32,986	-
Long-term deposits		-	-
Total non-current assets		32,986	-
Current assets			
Trade and other receivables	2	13,596	898,176
Cash and cash equivalents	3	1,310,800	82,247
Total current assets		1,324,396	980,423
TOTAL ASSETS		1,357,382	980,423
EQUITY AND LIABILITIES			
Equity			
Funds	4	620,000	310,000
Surpluses of revenues over expenses		323,789	370,423
Surpluses of incomes from previous years		60,423	
Total equity		1,004,211	680,423
Non-current liabilities			
Provision for employee benefits		-	-
Total non-current liabilities		-	-
Current liabilities			
Trade and other liabilities	5	353,171	300,000
Deferred revenue		-	-
Accruals		-	-
Total current liabilities		353,171	300,000
TOTAL EQUITY AND LIABILITIES		1,357,382	980,423

These financial statements were adopted and approved by the BCDSN Board on February 28, 2012

Executive Director
Tanja Hafner Ademi

BALKAN CIVIL SOCIETY DEVELOPMENT NETWORK

STATEMENT OF REVENUE AND EXPENSES

for the year ending on December 31, 2011

REVENUE	Note	2011 Denars	2010 Denars
Revenue from membership fees and donations	6	3,359,184	2,968,761
Revenue from other services	7	165,778	251,064
Financial Income	8	22,799	12,851
Total Revenues		3,547,761	3,232,676
EXPENSES			
Material expenses	9	3,217,145	2,862,169
Financial expenses	10	3,755	84
Total Expenses		3,220,900	2,862,253
SURPLUS OF REVENUES OVER EXPENSES BEFORE TAXATION		326,861	370,423
Income tax		3,072	-
SURPLUS OF REVENUES OVER EXPENSES FOR THE YEAR		323,789	370,423

These financial statements were adopted and approved by the BCDSN Board on February 28, 2012

Executive Director
Tanja Hafner Ademi

BALKAN CIVIL SOCIETY DEVELOPMENT NETWORK

STATEMENT OF CASH FLOWS

for the year ending on December 31, 2011

	<u>2011</u> Denars	<u>2010</u> Denars
Surpluses of revenues over expenses for the year	323,789	370,423
Adjustment for:		
Depreciation	702	-
Surpluses	-	-
Surpluses of revenue over expenses before working capital changes	324,491	370,423
Increase/decrease in trade and other receivables	884,580	(898,176)
Decrease in trade and other payables	53,171	300,000
Income tax paid	-	-
Net cash flows generated from operating activities	1,262,241	(227,754)
Purchase of property, plant and equipment	(33,688)	-
Net cash flows generated from investing activities	(33,688)	-
Funds	310,000	310,000
Outflows from gain generated from the previous year	(310,000)	-
Net cash flows generated from financial activities	-	310,000
Net increase/decrease in cash and cash equivalents	1,228,553	82,247
Cash and cash equivalents at the beginning of the year	82,247	-
Cash and cash equivalents at the end of the year	1,310,800	82,247

These financial statements were adopted and approved by the BCDSN Board on February 28, 2012

Executive Director
Tanja Hafner Ademi

BALKAN CIVIL SOCIETY DEVELOPMENT NETWORK

STATEMENT OF CHANGES IN EQUITY

for the year ending on December 31, 2011

(in denars)

Description	Funds	Surpluses of revenues over expenses	Total
On January 1, 2010	310,000	-	310,000
Allocation of prior year surpluses of revenue over expenses	-	-	-
Surpluses of revenues over expenses the year		370,423	370,423
On December 31, 2010	310,000	370,423	680,423
On January 1, 2011	310,000	370,423	680,423
Allocation of prior year surpluses of revenue over expenses	310,000	(310,000)	-
Surpluses of revenues over expenses for the year	-	323,789	323,789
On December 31, 2011	620,000	384,211	1,004,211

These financial statement were adopted and approved by the BCDSN Board on February 28, 2012

Tanja Hafner Ademi
Executive Director

BALKAN CIVIL SOCIETY DEVELOPMENT NETWORK

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

Balkan Civil Society Development Network (hereinafter called: BCSDN) is non-profit and civil society organization, which works in the field of civil society development in Balkan region.

The Foundation Balkan Civil Society Development Network is registered in the Central Registry of Republic of Macedonia, Regional Registration Office in Skopje on July 6, 2009 year with unique registration number 6524710. The office of the BCSDN is on Nikola Parapunov Street BB, in Skopje municipality Karposh.

The basic activity of Balkan Civil Society Development Network is registered under the number 94.99 – Activities of other organizations on the basis of membership, not mentioned on other places.

Total number of employees on 31 December 2011 year is 2.

The accounting records were performed by authorized person employed in MCIC.

According the Statute of the Foundation founders of the BCSDN are the following organizations:

1. Albanian Civil Society Foundation, Gjergj Fishta 5/1-K7-ap.29, Tirana, Albania, represented by Pandeli Theodori (PN Z1008591, Rr. Sh. Bexholi, pall. 59/2 ap.26 Tirana, Albania);
2. Center for Development of NGO's, Dalmatinska 78, 81000 Podgorica, Montenegro, represented by Goran Djurovic (PN 001327304, Djoka Mirsevica 21, Podgorica, Montenegro);
3. Centre for Information Services, Cooperation and Development of NGO's, Povsetova 37, 1000 Ljubljana, Slovenia, represented by Kristina Michieli (PN P00958041, Smrtnikova 5, Ljubljana, Slovenia);
4. Center for Promotion of Civil Society, Visegradska 26, 71000 Sarajevo, Bosnia and Hercegovina, represented by Milan Mrdza (PN 5899272, Mliniste 21, Sarajevo, Bosnia and Hercegovina).
5. Cenzura Plus, Setaliste Bacvice 10, 21000 Split, Croatia, represented by Zeljana Buntic Pejakovic (PN 001627393, Kranjceviceva 22, Split, Croatia);
6. Civic Initiatives, Simina 9a, Belgrade, Serbia, represented by Miljenko Dereta (PN 006577365, Kralja Petra 80, Belgrade, Serbia)
7. Diakonia Agapes, Rruga Duresit nn, Tirana, Albania, represented by Dorina Bita (PN Z1662923, Islam Alla 72/1, Tirana, Albania);
8. Kosovar Civil Society Foundation, Josip Relja 29, 10000 Pristina, Kosovo, represented by Venera Hajrullahu (UPIN 0511963915033, Dimo Gavroski Kara 80, Tetovo, Macedonia);
9. Macedonian Center for International Cooperation, Nikola Parapunov nn,1060 Skopje, Macedonia, represented by Saso Klekovski (UPIN 1304966450048, bul. Partizanski odredi 82/2-16, Skopje, Macedonia) and Aleksandar Krzalovski (UPIN 1906969450081, Isaija Mazhovski 44-2/4, Skopje, Macedonia);
10. Opportunity Associates Romania, Mircea Zorileanu 70, 012056 Bucharest, Romania, represented by Dana Nikulescu (PN 10392388, Mircea Zorileanu 70, Bucharest, Romania);
11. Vesta Association, Djordja Mihajlovica 4, 75000 Tuzla, Bosnia and Herzegovina, represented by Selma Hukic (PN 6299495, Dragodol 11, Tuzla, Bosnia and Herzegovina).

BCSDN has the Council and the Board. Its executive organ is the Executive Director.

- Executive director is Tanja Hafner Ademi with address on Briselska Street no. 8/4-3 from Skopje.

BALKAN CIVIL SOCIETY DEVELOPMENT NETWORK

NOTES TO THE FINANCIAL STATEMENTS

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of Balkan Civil Society Development Network have been prepared in accordance with International Financial Reporting Standards (IFRS), applicable in the Republic of Macedonia from January 1, 2010, which were published on December 29, 2009 in the Official Gazette No.159/2009, as in the Rules of Accounting. The basic settings of IFRS are given below:

Calculation basis

The financial statements have been prepared based on accrual accounting basis. Under this basis the effects of transactions and other events are recognized when they occur, not when cash is received or paid.

Continuity

The financial statements are prepared under the assumption that the foundation will continue to work in unpredictable duration, or that the foundation does not intend to liquidate or significantly reduce its operations. The BCSDN ability to meet its obligations depends on the continuous financial support of the donors.

Comparability

In 2011 BCSDN Skopje, applies a consistent accounting policy in relation to the previous period, as compared to other foundations in the country.

BASIC ACCOUNTING POLICIES

Basic accounting policies used for preparation of the financial statements for the year ending on December 31, 2011, are given below.

REVENUES

Revenues are measured at the fair value of the consideration received or receivable.

In the Statement of revenues and expenses the distinction is made to:

- Revenues from membership fees and donations,
- Revenues from other services, and
- Financial income

Revenues from donations and grants are comprised from donors for activities in 2011. Revenues from membership fees consists of revenues from organizations with membership status in BCSDN, based on Council Decision on membership fee key principle.

Revenues from other services includes: revenues based on travel, transport and other costs as reimbursement for expenses made in the name of third parties, and also includes revenues based on individual donations from organizations with membership status in BCSDN that exceeds their revenue for the membership fee.

Financial incomes include revenues from interest on demand and revenue from interest on deposits.

BALKAN CIVIL SOCIETY DEVELOPMENT NETWORK

NOTES TO THE FINANCIAL STATEMENTS

EXPENDITURES

Expenditures are recognized under the principle of opposition to revenue. Expenditure in the current year will not be recognized if it is related to some already recognized income from previous periods, and in these cases the accumulated earnings (loss) are corrected. If an expenditure that comes from an earlier period cannot be opposed (identified) with an income, then the expenditure is fully recognized in the current period.

Expenditures are measured by:

- Cost of goods sold,
- Net amount of compensation paid for services from others,
- Expenditure on goods in the amount of cost,
- Write-off of fixed assets in the amount of non-depreciated value of the asset.

Expenditures for short-term depletion of assets are recognized at the moment, and in the amount of occurrence of actual spending.

FOREIGN CURRENCIES

Transactions expressed in foreign currencies are recorded in the reported currency using the exchange rate applicable on the date of the transaction. Assets and liabilities expressed in foreign currencies on the date of the report are presented in the denars according the middle exchange rate of the Central Bank on the last day of the accounting period. Foreign exchange differences arising on transactions are recognized as profit or loss in the period in which they have occurred.

TAXATION

According to Article 34 of the Law for income tax, for non-profit organizations, income that realize in respect of assets that are strictly earmarked, such as income generated from membership fees, sponsorships, grants and donations dedicated to the character, do not enter in the tax base for calculating profit tax. If non-profit organization is making an income from business activities, than the portion of income and expenses from such activities becomes income tax liable.

For the use of earmarked funds management of the Foundation prepares a special program in accordance with program objectives and tasks defined by the act for the establishment of Foundation Balkan Civil Society Development Network.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on accounts in banks. Cash and cash equivalents in the Statement of financial position are valued according to fair value as of the denars, and foreign assets transferred in the denars of the day the balance.

BALKAN CIVIL SOCIETY DEVELOPMENT NETWORK

NOTES TO THE FINANCIAL STATEMENTS

RECEIVABLES

The receivables are classified as: receivables on the basis of membership fees, and receivables from donors, and reimbursements. Receivables are valued according to their invoiced amount decreased for the amount of uncollectible receivables. The provision is calculated as the difference between the carrying amount of the doubtful receivables and their recoverable amount.

TRADE AND OTHER LIABILITIES

Obligations towards suppliers and other liabilities are shown at fair value at initial recognition. These obligations are valued in the amount of received documents after executed transactions (invoices, contracts, interest lists).

FINANCIAL STATEMENTS

Balkan Civil Society Development Network, in accordance with the Law on accounting for non-profit organizations, prepares financial reports that provide accurate, true and complete review of assets liabilities, sources of funds, revenues and expenditures. For the year ending on December 31, 2011 are prepared the following financial reports:

- Balance Sheet
- Balance of revenues and expenditures
- Disposition of the result
- Tax balance
- Revenue structure by activity

The Balance Sheet shows the condition of assets, liabilities and sources of funds.

The Balance of revenues and expenditures shows revenues and expenditures, and the shortage that is surplus realized in the business year or in any other period of the business year.

Disposition of the result, Tax balance and Revenue structure by activity are detailed elaboration and addition of data from the Balance sheet and Statement of revenues and expenditures.

BALKAN CIVIL SOCIETY DEVELOPMENT NETWORK

NOTES TO THE FINANCIAL STATEMENTS

EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

1 Property and equipment

(in denars)

No.	Description	2011	2010
1	Equipment	33,688	-
2	Accumulated depreciation	(702)	-
	Current value	32,986	-

2 Trade and other receivables

(in denars)

No.	Description	2011	2010
1	Receivables from membership	-	76,945
2	Receivables for a given advances	13,596	-
3	Other requests	-	821,231
	Total	13,596	898,176

3 Cash and cash equivalents

(in denars)

No.	Description	2011	2010
1	Regular account in IK Bank Skopje	616,885	82,247
2	Foreign currency account	693,915	-
3	Cash in hand	-	-
	Total	1,310,800	82,247

4 Funds

(in denars)

No.	Description	2011	2010
1	Funds	620,000	310,000
2	Other sources	-	-
	Total	620,000	310,000

5 Trade and other liabilities

(in denars)

No.	Description	2011	2010
1	Suppliers	246,004	-
2	Financial liabilities	102,563	-
3	Liabilities for loans	4,604	300,000
	Total	353,171	300,000

BALKAN CIVIL SOCIETY DEVELOPMENT NETWORK

NOTES TO THE FINANCIAL STATEMENTS

EXPLANATORY NOTES TO THE STATEMENT OF REVENUES AND EXPENSES

6 Revenues from membership fees and donations

(in denars)

No.	Description	2011	2010
1	Revenues from membership fees	191,428	184,584
2	Revenues from donations	3,167,756	2,784,177
	Total	3,359,184	2,968,761

7 Revenues from other services

(in denars)

No.	Description	2011	2010
1	Revenues from reimbursement of expenses	165,777	229,389
2	Other operating incomes	1	21,675
	Total	165,778	251,064

8 Financial Incomes

(in denars)

No.	Description	2011	2010
1	Interest income on demand	905	4,289
2	Positive exchange differences	53	-
3	Incomes from interest on deposits	21,842	8,562
	Total	22,799	12,851

9 Material expenses

(in denars)

No.	Description	2011	2010
1	Materials	4,464	1,080
2	Office services	32,174	2,832
3	Postage	181	18,188
4	Rent	73,680	78,972
5	Designing and printing publications	590	152,241
6	Photocopying	26,445	47,012
7	Communication services and hosting	44,018	72,062
8	Services for taxi	2,050	87,237
9	Transport	53,497	-
10	Other expenses	11,366	-
11	Amortization	702	-
12	Administrative and court taxes	3,067	500

BALKAN CIVIL SOCIETY DEVELOPMENT NETWORK

NOTES TO THE FINANCIAL STATEMENTS

13	Professional training	9,000	-
14	Board costs	18,394	-
15	Bank charges	35,397	20,145
16	Insurance premiums	-	390
17	Expenses for official time (air tickets)	240,646	656,278
18	Expenses for official time (accommodations)	72,639	183,158
19	Other expenses for business trip	79,575	154,810
20	Intellectual services (translation/proofreading)	8,260	50,536
21	Intellectual services (personal)	1,021,206	1,033,718
22	Audit	61,500	83,792
23	Market research	412,072	203,377
24	Volunteers	11,380	-
25	Services for external partners	53,010	-
26	Conference	255,687	-
27	Other expenses	655,422	-
28	Extraordinary write-offs and write	30,723	15,841
	Total	3,217,145	2,862,169

5 Financial expenses

(in denars)

No.	Description	2011	2010
1	Negative exchange differences	3,755	84
2	Interest	-	-
	Total	3,755	84

TRANSACTIONS WITH RELATED ENTITIES

As transactions with related parties, are considered the transactions with one of the founders - MCIC. On February, 15 2011, loan received, which amounted to 300.000 denars in 2010 from MCIC – Skopje, was returned. In 2011, there were transactions with MCIC, for a realization of two projects financed from EU (GDLN) and Open Forum (CIVICUS), which was fulfilled and paid in 2011 in total, and amounted to 1.247.729 denars.

EVENTS WHICH HAVE OCCURRED AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

After the period ending on December 31, 2011 until the date of issuance of the audit report, events which by their significance would have caused a necessary change in the financial statements, did not occur.