



**Balkan Civil Society  
Development Network**

Financial Statements for the Year Ended  
31 December 2021

**Independent Auditor's Report**

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To:  
The Management of  
Balkan Civil Society Development Network, Skopje

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Balkan Civil Society Development Network, (in the following text "the Foundation"), which comprise the Balance Sheet as of 31 December 2021, the Statement of Revenues and Expenses and Statement of Changes in Funds for the year then 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 the Accounting Law for Non-profit Organizations and the standards for reporting under the cash basis of accounting. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### ***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 the Auditing Standards applicable in the Republic of North Macedonia<sup>1</sup>. 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 judgement, 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.

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<sup>1</sup> International Standards on Auditing ("ISA") issued by the International Auditing and Assurance Standards Board (IAASB), which are in effect from 15 December 2009, translated and published in Official Gazette of RM no. 79 from 2010

To:  
The Management of  
Balkan Civil Society Development Network, Skopje

## INDEPENDENT AUDITOR'S REPORT (Continued)

### **Auditor's opinion**

In our opinion, the financial statements of the Balkan Civil Society Development Network, give a true and fair view, in all material aspects, of the financial position of the Foundation as of 31 December 2021, as well as the operating results and the changes in the funds for the year than ended, in accordance with the Accounting Law for Non-profit Organizations and standards for reporting under the cash basis of accounting.

### **Other matters**

The financial statements of the Balkan Civil Society Development Network as of 31 December 2021 have also been audited by another auditor who's report from 20 July 2021 has an unqualified opinion.

Certified Auditor, Partner

Darko Kalin



15.08.2022

Director

Darko Kalin

## STATEMENT OF REVENUES AND EXPENSES

As of 31 December 2021

In MKD thousands

	Note	31 December 2021	31 December 2020
Revenue from donations and memberships	4	52.209	14.293
Revenue from services	5	2.370	3.915
Financial revenues		274	-
Other revenue	6	192	114
Surplus of Revenues from Previous Years	7	4.009	4.771
<b>TOTAL REVENUE</b>		<b>59.055</b>	<b>23.093</b>
Operating expenses	8	47.962	12.446
Employee expenses	9	7.933	6.220
Capital expenditures	10	64	156
Intellectual and other services	11	3.096	4.271
<b>TOTAL EXPENSES</b>		<b>59.055</b>	<b>23.093</b>
<b>Surplus of income over expenses before taxation</b>			
Income tax	12	-	-
<b>Surplus of income over expenses after taxation</b>		<b>-</b>	<b>-</b>

The accompanying notes form an integral part of these financial statements.

The accompanying financial statements were authorised for issue by the management of the Foundation and were signed on its behalf by:



**Biljana Spasovska**

Director

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

All amounts are expressed in MKD thousand, unless otherwise stated

	Note	31 December 2021	31 December 2020
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	13	30.646	70.087
Other receivables	14	37	174
Incurred expenses	15	8	29
		<b>30.691</b>	<b>70.290</b>
<b>NON-CURRENT ASSETS</b>			
Intangible assets		-	-
Material assets	16	305	354
		<b>305</b>	<b>354</b>
<b>TOTAL ASSETS</b>		<b>30.996</b>	<b>70.644</b>
<b>LIABILITIES AND OPERATING FUND</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	17	96	33
Other short-term liabilities		8	29
Deferred expenses		29.967	69.608
		<b>30.071</b>	<b>69.670</b>
<b>OPERATING FUND</b>			
Operating Fund		925	974
Reserve		-	-
Surplus of Revenues Over Expenses After Taxation		-	-
<b>TOTAL OPERATING FUND</b>		<b>925</b>	<b>974</b>
<b>TOTAL LIABILITIES AND FUNDS</b>		<b>30.996</b>	<b>70.644</b>

The accompanying notes form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**For the Year Ended 31 December 2021**

**All amounts are expressed in MKD thousand, unless otherwise stated**

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**1. ESTABLISHMENT AND ACTIVITY**

The Balkan Civil Society Development Network (BCSDN) (hereinafter: The Foundation) is a network of 14 civil organizations in 11 countries on the Balkan (Albania, Bosnia and Hercegovina, Bulgaria, Croatia, Kosovo, Romania, Montenegro, North Macedonia, Slovenia, Serbia and Turkey). The Foundation has been founded on 06.07.2009. The Foundation works intensely with the goal of promoting the civil society's role by strengthening its voice when it comes to political decision making and other national, regional and EU related matters. Promotion the civil dialog between the agents of the civil society, the state (public) institutions and the European Union with the primary goal of having an influence on the public policies. Developing knowledge and skills which represent the agents of civil society as a basis for a higher impact. Strengthening the communication, coordination and cooperation between the agents of the civil society of the Balkan region.

The vision of the Foundation is peace, harmony and prosperity among the societies of the Balkan region.

The mission of the Foundation is to strengthen the civil societies and to have and influence the European and national policies in the direction to a more favourable environment for developing civil societies with sustainable and functional democracies on the Balkan.

The Foundation is registered in the Central Registry of the Republic of Macedonia with a unique identification number of the subject 6524710 and with activity according to the Decision of the Central Registry with code 94.99 - activities of other organizations based on subscription, not mentioned elsewhere. The Foundation is registered in the Register of Foundations.

The headquarters of the Foundation is St. Makedonija number. 43/19, Skopje, Center.

The total number of employees as of 31 December 2021 is 6 (31 December 2020- 7)

**2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS**

The financial statements of the Foundation are conducted in accordance with the Non-Profit Organization Accounting Law and the International accounting standards for the public sector on cash basis published in the Republic of Macedonia for presentation of the balance sheet items, balances of the assets, liabilities, sources of the assets, revenues and expenses, and the operating results on true, fair, confidential, complete, punctual basis. The amounts in the statements and the notes are stated in thousands of MKD, except when otherwise indicated in the text.

The comparative values as of 31 December 2020 have been audited by the previous auditor.

**3. BASIC ACCOUNTING POLICIES**

These financial statements are prepared in accordance with the terms set in the Law for accounting of the non-for-profit organizations (Official Gazette of RM no.24/2003, 17/2011, C.court 80.2005, 154/2015), the Rulebook for accounting of non-for-profit organizations (Official Gazette of RM no. 42/2003, 8/2009, 12/2009, 175/2011), the Rulebook for accounting nomenclature and financial statements of non-for-profit organizations (Official Gazette of RM no. 117/2005, 11/2006) and the Rulebook of the content of accounts of the accounting nomenclature of the non-for-profit organizations (Official Gazette of RM no.117/2005).

**NOTES TO THE FINANCIAL STATEMENTS**

**For the Year Ended 31 December 2021**

**All amounts are expressed in MKD thousand, unless otherwise stated**

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**3. BASIC ACCOUNTING POLICIES (Continues)**

Financial statements are prepared for the year ended 31 December 2021 and 2021. Operational and reporting currency of the Foundation is the Macedonian Denar. Current and comparative data presented in these financial statements are stated in thousands of MKD, except stated otherwise.

**3.1 Cash and cash equivalents**

The Foundation's cash comprises of the cash on hand and the cash on bank account in the commercial banks. Money at the cash account and at the bank accounts stated in domestic currency are presented in the general ledger at their nominal value, while the foreign exchange currency is stated according to the exchange rate of NBRM at the reporting date.

**3.2 Material and non-material investments**

Classified as material and non-material assets are:

- Assets kept for performing the activity
- Assets which are expected to be used more than one financial period and whose separate value at the moment of purchase is higher than 300 EUR in Macedonian denar counter-value.

Material and non-material investments (fixed assets) are stated at their cost value. The cost of the fixed assets comprise the purchasing price increased for the purchase related costs. The operating fund of the Foundation increases for the amount of the value of fixed assets purchased. The revaluation of fixed assets (tangible and intangible assets), is performed because of additional valuation due to the increase of the annual inflation rate, measured with the official industrial product price index. Revaluation basis is the cost of the assets.

Sources of funding of the Foundation are increased for the amount of the material and non-material assets. Material and Non-Material assets are recognized as capital expenditure at the moment when they occur (payment).

All other continuous maintenance is evidenced as cost in the Statement of Revenues and Expenses during the period in which they occur.

**3.3 Depreciation**

Tangible and intangible assets (fixed assets) are depreciated using the straight-line method, so their cost and revaluated amount are depreciated in equal annual amounts during the estimated utilization period of the fixed assets.

The depreciation rates, applied by the Institute in 2021 are as follows: 1 – 2,5% for buildings, 10 – 20% for equipment, 12 – 16% for furniture and 25% for computer equipment.

The amount of the current depreciation is recorded on the burden of the operating fund. The calculation of the depreciation is performed separately for each item, and not for groups of assets.



**NOTES TO THE FINANCIAL STATEMENTS**

**For the Year Ended 31 December 2021**

**All amounts are expressed in MKD thousand, unless otherwise stated**

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**3. BASIC ACCOUNTING POLICIES (Continues)**

**3.4. Receivables**

Receivables are recognized at their nominal value in the accounting document in accordance with the agreed amount, decreased for the valuation allowance.

**3.5 Income tax**

The income tax for the reporting period represent the sum of current and deferred income tax

*(a) Income Tax*

Income tax represents an amount that is calculated and paid in accordance with the effective Profit Tax Law of the Republic of North Macedonia. In 2021, the income tax is payable at the rate of 1% on the amount of revenues from sales of goods or services above the threshold revenue of 1 million MKD.

*(b) Deferred taxes*

Deferred taxes are recognized in cases of differences between the carrying amounts of assets and the liabilities in the financial statements and the carrying amounts as per tax regulations and are reported using the balance sheet liability method. Deferred tax liabilities are recognised for all deductible temporary differences given that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. In these financial statements, there are no temporary tax differences.

**3.6 Sources of funding**

Sources of funding are valued at the amount of assets and revaluation reserve.

**3.7 Liabilities**

Liabilities to suppliers, employees, salaries, taxes and other current liabilities are stated at their nominal value. Liabilities in other currencies are stated at mid-exchange rate of NBRM.

**3.8 Recognition of the revenues and expenses**

Revenues and expenses of the non-profit Foundations are recognized according to the modified accrual basis of accounting.

According to the modified accrual basis of accounting the revenues i.e. expenses are recognized in the accounting period of calculation in which they appear under criteria of measurement and availability. Revenues i.e. expenses are measurable when they can be stated by their value. Revenues i.e. expenses are available when they are realized, i.e. when they appear (paid) in the accounting period or within the period of 30 days after the accounting period, under condition to be related to the accounting period and serve for payment of the liabilities for the period (if liabilities for payment appear in the accounting period).

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

All amounts are expressed in MKD thousand, unless otherwise stated

**3. BASIC ACCOUNTING POLICIES (Continued)****3.9 Amounts stated in foreign currency**

The transactions in foreign currency are stated in MKD according to the Official exchange rate of NBRM at the date of transaction. Foreign exchange assets and liabilities of the balance sheet are stated in MKD according to the official exchange rates on the balance sheet date. The Income Statement includes the net foreign exchange gains and losses that resulted from the conversion of the amounts in foreign currency in the period when they occur. The average (closing) exchange rates of the denar related to the foreign exchange currencies (for one unit of foreign exchange currency) as of 31 December are as follows:

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

**4. GRANTED DONATIONS**

	<u>2021</u>	<u>2020</u>
Revenues from memberships	15	154
Revenues from donations	52.194	14.140
<b>Total</b>	<b><u>52.209</u></b>	<b><u>14.293</u></b>

In the course of 2021, revenues from the following donors were realized:

<u>Donator</u>	<u>2021</u>
1 SIDA – CS Development HUB	73.431
2 THE GERMAN MARSHALL FUND OF US	2.395
4 ROCKEFELLER BROS FUND	2.042
5 ICSC	1.542
6 Civicus	1.084
6 Other	1.667
Transferred surplus of revenues for next year	(29.967)
<b>Total</b>	<b><u>52.194</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

All amounts are expressed in MKD thousand, unless otherwise stated

## 5. SERVICES RENDERED

	<b>2021</b>	<b>2020</b>
Services rendered	2.370	3.915
<b>Total</b>	<b>2.370</b>	<b>3.915</b>

## 6. FINANCIAL INCOME

	<b>2021</b>	<b>2020</b>
Interest income	1	-
Exchange rate differences	273	
<b>Total</b>	<b>274</b>	<b>-</b>

## 7. OTHER INCOME

	<b>2021</b>	<b>2020</b>
Other income	192	114
<b>Total</b>	<b>192</b>	<b>114</b>

## 8. SURPLUS OF REVENUES FROM PREVIOUS YEARS

	<b>2021</b>	<b>2020</b>
Surplus of Revenues from Previous Years	4.009	4.771
<b>Total</b>	<b>4.009</b>	<b>4.771</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

All amounts are expressed in MKD thousand, unless otherwise stated

**9. OPERATING EXPENSES**

	<b>2021</b>	<b>2020</b>
Transferred funds	45.555	10.038
Membership fees	111	48
Rent	520	524
Other services	99	77
Per diems and travel expenses	644	587
Water, Electricity, telephone	319	276
Material costs	49	44
Advertising, propaganda and representation expenses	77	150
Bank provisions	159	175
Other employee costs	102	130
Loss from foreign exchange differences	119	389
Interest rates	12	-
Insurance	97	4
Other expenses	99	4
<b>Total</b>	<b>47.962</b>	<b>12.446</b>

**10. EMPLOYEE EXPENSES**

	<b>2021</b>	<b>2020</b>
Gross Salaries	7.933	6.220
<b>Total</b>	<b>7.933</b>	<b>6.220</b>

**11. CAPITAL EXPENSES**

	<b>2021</b>	<b>2020</b>
Purchase of equipment	64	156
<b>Total</b>	<b>64</b>	<b>156</b>

**12. OTHER SERVICES**

	<b>2021</b>	<b>2020</b>
Intellectual services	2.875	4.271
Other taxes and contributions	221	-
<b>Total</b>	<b>3.096</b>	<b>4.271</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

All amounts are expressed in MKD thousand, unless otherwise stated

**13. CASH AND CASH EQUIVALENTS**

	<b>2021</b>	<b>2020</b>
Domestic bank accounts	1.803	1.185
Foreign bank accounts	28.792	68.901
Petty cash	50	2
<b>Total</b>	<b>30.645</b>	<b>70.088</b>

**14. OTHER RECEIVABLES**

	<b>2021</b>	<b>2020</b>
Loans, deposits and кауции	37	128
Short term loans and deposits	-	41
Tax receivables	-	5
<b>Total</b>	<b>37</b>	<b>174</b>

**15. INCURRED EXPENSES**

	<b>2021</b>	<b>2020</b>
Other incurred expenses	8	29
<b>Total</b>	<b>8</b>	<b>29</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

All amounts are expressed in MKD thousand, unless otherwise stated

## 16. MATERIAL ASSETS

	Plant	Equipment, Furniture and transport vehicles	Total material assets
<b>Cost</b>			
<b>Balance as of 01.01.2020</b>	546.934	397.437	<b>944.371</b>
Additions	109.090	-	109.090
<b>Balance as 31.12.2020</b>	<b>656.024</b>	<b>397.437</b>	<b>1.053.461</b>
Additions	64.400	-	64.400
<b>Balance as 31.12.2021</b>	<b>720.424</b>	<b>397.437</b>	<b>1.117.861</b>
<b>Depreciation</b>			
<b>Balance as 01.01.2020</b>	<b>342.821</b>	<b>240.629</b>	<b>583.450</b>
Depreciation for 2020	72.826	42.956	115.782
<b>Balance as 31.12.2020</b>	<b>415.647</b>	<b>283.585</b>	<b>699.232</b>
Depreciation 2021	81.359	32.102	113.461
<b>Balance as 31.12.2021</b>	<b>497.006</b>	<b>315.687</b>	<b>812.693</b>
<b>Net book value as of:</b>			
<b>Balance as 31.12.2020</b>	<b>240.377</b>	<b>113.852</b>	<b>354.229</b>
<b>Balance as 31.12.2021</b>	<b>223.418</b>	<b>81.750</b>	<b>305.168</b>

## 17. Accounts payable

	2021	2020
Trade payables	96	33
<b>Total</b>	<b>96</b>	<b>33</b>

## 18. OFF-BALANCE RECORDS

As of 31 December 2021, the Foundation has no off-balance sheet exposure.

**NOTES TO THE FINANCIAL STATEMENTS**

**For the Year Ended 31 December 2021**

**All amounts are expressed in MKD thousand, unless otherwise stated**

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**14. SUBSEQUENT EVENETS**

Since 31 December 2021, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. The Foundation has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2021 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of operations and cash flows of the Foundation for future periods.

The military action in Ukraine by the Russian forces that started on February 24, 2022 is a far-reaching event that will also leave evident traces in the global economy, and thus in corporate financial reporting. Impacts were immediately felt on the commodities and the financial markets, especially with the imposition of severe sanctions against Russia. The consequences for Russia and the imposing countries are immediately visible, but in the long run there will also be significant consequences for the global economy. It is currently difficult to predict how long this crisis will last, which may also intensify with further actions even after the end of military actions. Therefore, the Company considers these events to be non-adjusting subsequent events. Consequently, the financial position and results of operations of and for the period ended 31 December 2021 are not adjusted to reflect this impact