



**Balkan Civil Society
Development Network**

Financial Statements for the Year Ended
31 December 2022

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 2022, 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 Macedonia¹. 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.

¹ 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 2022, 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.

Certified Auditor, Partner

Darko Kalin



Director

Darko Kalin

13.03.2024

STATEMENT OF REVENUES AND EXPENSES

As of 31 December 2022

In MKD thousands

	Note	31 December 2022	31 December 2021
Revenue from donations and memberships	4	39.910	52.209
Revenue from services	5	1.942	2.370
Financial revenues		100	274
Other revenue	6	-	192
Surplus of Revenues from Previous Years	7	6.666	4.009
TOTAL REVENUE		48.618	59.055
Operating expenses	8	37.078	47.962
Employee expenses	9	8.989	7.933
Capital expenditures	10	31	64
Intellectual and other services	11	2.520	3.096
TOTAL EXPENSES		48.618	59.055
Surplus of income over expenses before taxation			
Income tax	12	-	-
Surplus of income over expenses after taxation		-	-

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 2022

All amounts are expressed in MKD thousand, unless otherwise stated

	Note	31 December 2022	31 December 2021
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	13	27.554	30.646
Other receivables	14	41	37
Incurred expenses	15	9	8
		27.604	30.691
NON-CURRENT ASSETS			
Intangible assets		-	-
Material assets	16	264	305
		264	305
TOTAL ASSETS		27.868	30.996
LIABILITIES AND OPERATING FUND			
CURRENT LIABILITIES			
Accounts payable	17	59	96
Other short-term liabilities		26.925	8
Deferred expenses		-	29.967
		26.984	30.071
OPERATING FUND			
Operating Fund		884	925
Reserve		-	-
Surplus of Revenues Over Expenses After Taxation		-	-
TOTAL OPERATING FUND		884	925
TOTAL LIABILITIES AND FUNDS		27.868	30.996

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2022

All amounts are expressed in MKD thousand, unless otherwise stated

1. ESTABLISHMENT AND ACTIVITY

The Balkan Civil Society Development Network (BCSDN) (hereinafter: The Foundation) is a network of 14 civil organizations in 10 countries on the Balkan (Albania, Bosnia and Hercegovina, Bulgaria, 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 2022 is 8 (31 December 2021- 6)

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.

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 2022

All amounts are expressed in MKD thousand, unless otherwise stated

3. BASIC ACCOUNTING POLICIES (Continues)

Financial statements are prepared for the year ended 31 December 2022 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 2022 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 2022

All amounts are expressed in MKD thousand, unless otherwise stated

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 2022, 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 2022

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 2022</u>	<u>31 December 2021</u>
1 USD	57,6535 Denars	54,3736 Denars
1 EUR	61,4932 Denars	61,6270 Denars

4. GRANTED DONATIONS

	<u>2022</u>	<u>2021</u>
Revenues from memberships	-	15
Revenues from donations	39.910	52.194
Total	39.910	52.209

In the course of 2022, revenues from the following donors were realized:

<u>Donor</u>	<u>2022</u>
1 SIDA – CS Development HUB	34.639
2 IBON Center	4.424
3 ROCKEFELLER BROS FUND	2.334
4 RBF Extension 26-03-2021 do 26	1.978
5 GDSI	1.524
6 CPDE IBON	1.519
7 CPDE	150
8 CIVICUS World Alliance for Cit	996
9 FAMILY HEALTH INTERNATIONAL	637
10 INGO International NGO	492
11 Other	160
Transferred surplus of revenues for next year	(8.942)
Total	39.910

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2022

All amounts are expressed in MKD thousand, unless otherwise stated

5. SERVICES RENDERED

	<u>2022</u>	<u>2021</u>
Services rendered	1.942	2.370
Total	<u>1.942</u>	<u>2.370</u>

6. FINANCIAL INCOME

	<u>2022</u>	<u>2021</u>
Interest income	-	1
Exchange rate differences	100	273
Total	<u>100</u>	<u>274</u>

7. OTHER INCOME

	<u>2022</u>	<u>2021</u>
Other income	-	192
Total	<u>-</u>	<u>192</u>

8. SURPLUS OF REVENUES FROM PREVIOUS YEARS

	<u>2022</u>	<u>2021</u>
Surplus of Revenues from Previous Years	6.666	4.009
Total	<u>6.666</u>	<u>4.009</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2022

All amounts are expressed in MKD thousand, unless otherwise stated

9. OPERATING EXPENSES

	2022	2021
Transferred funds	34.213	45.555
Membership fees	13	111
Rent	493	520
Other services	88	99
Transport services	313	-
Per diems and travel expenses	1.015	644
Water, Electricity, telephone	192	319
Material costs	47	49
Other material costs	122	-
Advertising, propaganda and representation expenses	112	77
Bank provisions	236	159
Other employee costs	-	102
Loss from foreign exchange differences	167	119
Interest rates	-	12
Insurance	-	97
Other expenses	66	99
Total	37.077	47.962

10. EMPLOYEE EXPENSES

	2022	2021
Gross Salaries	8.989	7.933
Total	8.989	7.933

11. CAPITAL EXPENSES

	2022	2021
Purchase of equipment	31	64
Total	31	64

12. OTHER SERVICES

	2022	2021
Intellectual services	2.387	2.875
Other taxes and contributions	133	221

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2022

All amounts are expressed in MKD thousand, unless otherwise stated

Total	2.520	3.096
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13. CASH AND CASH EQUIVALENTS

	2022	2021
Domestic bank accounts	650	1.803
Foreign bank accounts	26.691	28.792
Petty cash	213	50
Total	27.554	30.645

14. OTHER RECEIVABLES

	2022	2021
Loans, deposits and кауции	37	37
Short term loans and deposits	4	-
Total	41	37

15. INCURRED EXPENSES

	2022	2021
Other incurred expenses	9	8
Total	9	8

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2022

All amounts are expressed in MKD thousand, unless otherwise stated

16. MATERIAL ASSETS

	Plant	Equipment, Furniture and transport vehicles	Total material assets
Cost			
Balance as of 01.01.2021	656.024	397.437	1.053.461
Additions	64.400	-	64.400
Balance as 31.12.2021	720.424	397.437	1.117.861
Additions	-	67.464	67.464
Balance as 31.12.2022	720.424	464.901	1.185.325
Depreciation			
Balance as 01.01.2021	415.647	283.585	699.232
Depreciation for 2021	81.359	32.102	113.461
Balance as 31.12.2021	497.006	315.687	812.693
Depreciation 2022	88.001	20.731	108.732
Balance as 31.12.2022	585.007	336.418	921.425
Net book value as of:			
Balance as 31.12.2021	223.418	81.750	305.168
Balance as 31.12.2022	135.417	128.483	263.900

17. Accounts payable

	2022	2021
Trade payables	59	96
Total	59	96

18. OFF-BALANCE RECORDS

As of 31 December 2022, the Foundation has no off-balance sheet exposure.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2022

All amounts are expressed in MKD thousand, unless otherwise stated

19. SUBSEQUENT EVENETS

After 31 December 2022 – date of reporting, until the date of approval of these financial statements, there are no material subsequent events that would have an impact on understanding of financial statements, or which would require correction of the financial statements.