

# **Balkan Civil Society Development Network**

Financial Statements for the Year Ended 31 December 2023

**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 2023, 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 far 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 and 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.

<sup>&</sup>lt;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 2023, 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

13.03.2024

Director

Lauret

Darko Kalin

	Note	31 December 2023	31 December 2022
Revenue from donations and memberships	4	18.773	39.910
Revenue from services	5	-	1.942
Financial revenues		93	100
Surplus of Revenues from Previous Years	7	21.769	6.666
TOTAL REVENUE		40.635	48.618
	0	07.040	07.070
Operating expenses	8	27.042	37.078
Employee expenses	9	11.420	8.989
Capital expenditures	10	269	31
Intellectual and other services	11	1.904	2.520
TOTAL EXPENSES		40.635	48.618
Surplus of income over expenses before taxation			
Income tax			
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

	Note	31 December 2023	31 December 2022
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	12	23.060	27.554
Other receivables	13	41	41
Incurred expenses	14	<u>-</u> _	9
		23.101	27.604
NON-CURRENT ASSETS			
Intangible assets		-	-
Material assets	15	379	264
		379	264
TOTAL ASSETS		23.480	27.868
LIABILITIES AND OPERATING FUND			
CURRENT LIABILITIES			
Accounts payable	17	265	59
Other short-term liabilities		22.216	26.925
		22.481	26.984
OPERATING FUND			
Operating Fund		999	884
Reserve		-	-
Surplus of Revenues Over Expenses After Taxation		-	-
TOTAL OPERATING FUND		999	884
TOTAL LIABILITIES AND FUNDS		23.480	27.868

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

#### 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 6524710and 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 2023 is 8 (31 December 2022-8)

## 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).

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

Financial statements are prepared for the year ended 31 December 2023 and 2022. 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 2023 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.

#### 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 2023, 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).

# 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 2023</u>	31 December 2022
1 USD	55,6516 Denars	57,6535 Denars
1 EUR	61,4950 Denars	61,4932 Denars

#### 4. GRANTED DONATIONS

	2023	2022
Revenues from memberships	230	-
Revenues from donations	18.543	39.910
Total	18.774	39.910

In the course of 2023, revenues from the following donors were realized:

	Donator	2023
1	SIDA WB Civil Society Developm	31.931
2	ROCKEFELLER BROS FUND	2.244
4	Global Standard Third Extensio	1.535
5	European Center for NON-FOR-PR	1.192
6	CIVICUS World Alliance for Cit	977
7	Fondation PeaceNexus	757
8	Horus Skopje	274
9	Other	1.848
	Transferred surplus of revenues for next year	(22.216)
	Total	18.543

# **5. SERVICES RENDERED**

	2023	2022
Services rendered	-	1.942
Total	-	1.942

# **6. FINANCIAL INCOME**

	2023	2022
Exchange rate differences	93	100
Total	93	100

# 7. SURPLUS OF REVENUES FROM PREVIOUS YEARS

	2023	2022
Surplus of Revenues from Previous Years	21.769	6.666
Total	21.769	6.666

# **8. OPERATING EXPENSES**

	2023	2022
Transferred funds	21.941	34.213
Membership fees	14	13
Rent	863	493
Other services	133	88
Transport services	165	313
Per diems and travel expenses	2.793	1.015
Water, Electricity, telephone	224	192
Material costs	170	47
Other material costs	-	122
Advertising, propaganda and representation expenses	239	112
Bank provisions	166	236
Loss from foreign exchange differences	88	167
Insurance	4	-
Other expenses	241	66
Total	27.041	37.077
9. EMPLOYEE EXPENSES	2023	2022
Gross Salaries	11.420	8.989
Total	11.420	8.989
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10. CAPITAL EXPENSES		
	2023	2022
Purchase of equipment	269	31
Total =	269	31
11. OTHER SERVICES		
	2023	2022
Intellectual services	1.651	2.387
Other taxes and contributions	253	133
Total	1.904	2.520
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# 12. CASH AND CASH EQUIVALENTS

	2023	2022
Domestic bank accounts	1.085	650
Foreign bank accounts	21.846	26.691
Petty cash	129	213
Total	23.060	27.554
13. OTHER RECEIVABLES		
13. OTHER RECEIVABLES	2023	2022
13. OTHER RECEIVABLES  Loans, deposits and кауции	<b>2023</b> 37	<b>2022</b> 37

## 14. INCURRED EXPENSES

	2023	2022
Other incurred expenses		9
Total	<u>-</u>	9

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# **15. MATERIAL ASSETS**

	Plant	Equipment, Furniture and transport vehicles	Total material assets
Cost			
Balance as of 01.01.2022	720.424	397.437	1.117.861
Additions	-	67.464	67.464
Balance as 31.12.2022	720.424	464.901	1.185.325
Additions	208.781	25.990	234.771
Balance as 31.12.2023	929.205	490.891	1.420.096
Depreciation			
Balance as 01.01.2022	497.006	315.687	812.693
Depreciation for 2022	88.001	20.731	108.732
Balance as 31.12.2022	585.007	336.418	921.425
Depreciation 2023	103.046	17.022	120.068
Balance as 31.12.2023	688.053	353.440	1.041.493
Net book value as of:			
Balance as 31.12.2022	135.417	128.483	263.900
Balance as 31.12.2023	241.152	137.451	378.603

# 16. Accounts payable

	2023	2022
Domestic trade payables	191	59
Foregin trade payables	74	-
Total	265	59

# 17. OFF-BALANCE RECORDS

As of 31 December 2023, the Foundation has no off-balance sheet exposure.

# **18. 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.