

**TRANSPARENCY INTERNATIONAL
MACEDONIA - Skopje**

**Financial Statements for the Year Ended
31 December 2015 and
Independent Auditor's Report**

March 2016, Skopje

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To:

The Management of

TRANSPARENCY INTERNATIONAL MACEDONIA

SKOPJE

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the "Transparency International Macedonia" (in the following text "the Organization"), which comprise the Balance Sheet as of 31 December 2015, 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 International Standards on Auditing. 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.

To:

The Management of

TRANSPARENCY INTERNATIONAL MACEDONIA

SKOPJE

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's opinion

In our opinion, the financial statements of "Transparency International Macedonia", Skopje give a true and fair view of the financial position of the Organization as of 31 December 2015, 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.

Skopje, 08 March 2016

Certified Auditor
Zvonko Kocovski




Manager
Dragan Dimitrov

STATEMENT OF REVENUES AND EXPENSES
For the Year Ended 31 December 2015 and 2014
In MKD thousands

	Notes	2015	2014
Revenues	4	14.389	9.896
TOTAL REVENUES		14.389	9.896
Operating expenses	5	(9.356)	(9.258)
Capital expenses	6	(69)	(140)
TOTAL EXPENSES		(9.425)	(9.398)
Surplus of revenues over expenses before taxes		4.964	498
Income Taxes		-	-
Surplus of revenues over expenses after taxation		4.964	498

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

The accompanying financial statements were authorised for issue by the management of the Organization on 29 February 2016 and were signed on its behalf by:


 Secretary General
 Metodi Zajkov



BALANCE SHEET

As of 31 December 2015 and 2014

In MKD thousands

	Notes	31 December 2015	31 December 2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	368	394
		<u>368</u>	<u>394</u>
CURRENT ASSETS			
Other current assets and prepayments	8	37	135
Cash and cash equivalents	9	4.927	366
		<u>4.964</u>	<u>501</u>
TOTAL ASSETS		<u>5.332</u>	<u>895</u>
LIABILITIES AND OPERATING FUND			
OPERATING FUND			
Operating Fund	10	274	300
Reserves		94	94
Surplus of revenues over expenses		4.964	498
		<u>5.332</u>	<u>892</u>
CURRENT LIABILITIES			
Accounts payable		-	-
Other short term liabilities	11	-	3
		<u>-</u>	<u>3</u>
TOTAL LIABILITIES AND FUNDS		<u>5.332</u>	<u>895</u>

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

STATEMENT OF CHANGES IN OPERATING FUND
As of 31 December 2015 and 2014
In MKD thousands

	Operating Fund	Rezerves	Surplus of revenues over expenses	TOTAL
Balance as of 01 January 2014	269	94	1.406	1.769
Transferred surplus of revenues over expenses from previous year	-	-	(1.406)	(1.406)
Additions of fixed assets	140	-	-	140
Depreciation	(109)	-	-	(109)
Surplus of revenues over expenses	-	-	498	498
Balance as of 31 December 2014	300	94	498	892
Transferred surplus of revenues over expenses from previous year	-	-	(498)	(498)
Additions of fixed assets	69	-	-	69
Depreciation	(94)	-	-	(94)
Surplus of revenues over expenses	-	-	4.964	4.964
Balance as of 31 December 2015	275	94	4.964	5.333

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

All amounts are expressed in MKD thousand, unless otherwise stated

1. ESTABLISHMENT AND ACTIVITY

TRANSPARENCY INTERNATIONAL MACEDONIA is a non-profit organization established in 2006 according to the Law of Associations of Citizens and Foundations.

The Organization is registered in the Register of the Association of Citizens and Foundations. The main activity of the Organization is to establish a system of good governance for efficient fight and prevention against corruption, implemented through various project activities.

The Organization is located in Skopje, with address - Naum Naumovski Borce 58.

The total number of the employees as of 31 December 2015 amounts 5 employees (31 December 2014 - 7 employees).

2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Organization are conducted in accordance with the Non-Profit Organization Accounting Law and the standards for reporting under the cash basis of accounting 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

The basic accounting policies used for preparation of the financial statements are listed in the following text. The accounting policies of the Organization are being adequately applied from year to year.

3.1 Cash and cash equivalents

The Organization's cash comprises of the cash on hand and the cash on giro 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 Tangible and intangible assets

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 import customs, VAT, manipulative expenses and all other expenses that can be added to the cost, i.e. to the purchasing expenses. The operating fund of the Organization increases for the amount of the value of fixed assets purchased.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

All amounts are expressed in MKD thousand, unless otherwise stated

3. BASIC ACCOUNTING POLICIES (Continued)**3.2. Tangible and intangible assets (Continued)**

The revaluation of fixed assets (tangible and intangible assets) is performed because of additional valuation if the annual inflation rate, measured with the official industrial product price index, is higher than 30%. Revaluation basis is the cost of the assets.

Revaluated i.e. market value of the assets is determined by indexing.

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 amount of the current depreciation is recorded on the burden of the operating fund.

The depreciation rates, applied by the Organization in 2015 are as follows: 1-2,5% for buildings, 10-20% for equipment and vehicle, 12-16% for furniture and 25% for computer equipment.

The calculation of the depreciation is performed separately for each item, and not for groups of assets.

3.4 Recognition of the revenues and expenses

Revenues and expenses of the non-profit organizations 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).

3.5 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:

	2015	In MKD 2014
EUR	61,5947	61,4814
USD	56,3744	50,5604
CHF	56,9583	51,1152

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

All amounts are expressed in MKD thousand, unless otherwise stated

4. REVENUES

	2015	2014
Revenues from donations	13.891	8.490
Transferred surplus of revenues over expenses	498	1.406
Total	14.389	9.896

During 2015 the following revenues from donations were realized:

	Donor	Project	Amount
1	Transparency International Secretariat - Germany	Anticorruption Policies. Revisited: Global Trends and European Responses to the Challenge of Anticorruption (ANTICORRP)	493
2	European Commission DG Enlargement	Strengthening National Integrity Systems in the Western Balkans and Turkey, and tracking developments of anti-corruption efforts	2.135
3	Transparency International Secretariat - Germany	Strengthening National Integrity Systems in the Western Balkans and Turkey, and tracking developments of anti-corruption efforts	15
4	Ministry of Foreign Affairs Germany	Advocacy and Legal advice Centers(ALAC) - Speaking Up Against Corruption	1.779
5	Swiss Agency for Development and Cooperation SDC	Are regulatory agencies in Serbia and Macedonia transparent and accountable?	625
6	Embassy of the Kingdom of the Netherlands	Strengthening National Integrity Systems in the Western Balkans and Turkey, and tracking developments of anti-corruption efforts	1.194
7	Embassy of the Kingdom of the Netherlands	Protecting of the reporting persons and role of the media and civil society	1.550
8	Macedonian Center for International Cooperation(MCIC)	Augmenting Demand for Anti-Corruption and Organised Crime - AD Acta	154
9	Macedonian Center for International Cooperation(MCIC)	Small Development Initiatives	34
10	Embassy of the Kingdom of the Netherlands	Monitoring of Pre-electoral and Electoral Budget Expenditure and political Financing	5.912
	TOTAL		13.891

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

All amounts are expressed in MKD thousand, unless otherwise stated

5. OPERATING EXPENSES

	2015	2014
Office Materials	370	545
Rents and utilities	733	682
Maintenance	5	36
Other(print, web, accounting)	662	477
Transportation, post, telephone	275	291
Marketing	1.010	1.010
Other project related expenses	74	44
Bank provision	19	14
Insurance	4	3
Per diems and travel costs	471	170
Salaries and other employee related costs	3.002	2.284
Foreign exchange loss	20	20
Intellectual and other services	2.629	3.682
Indirect taxes	82	-
Total	9.356	9.258

6. CAPITAL EXPENSES

	2015	2014
Equipment	69	140
Total	69	140

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

All amounts are expressed in MKD thousand, unless otherwise stated

7. PROPERTY, PLANT AND EQUIPMENT

	Equipment	Total
Cost as of 01 January 2014	759	759
Additions in the year	140	140
Balance as of 31 December 2014	899	899
Additions in the year	69	69
Fixed assets write off	(284)	(284)
Balance as of 31 December 2015	684	684
Accumulated depreciation		
as of 1 January 2014	397	397
Depreciation	109	109
Balance as of 31 December 2014	506	506
Depreciation	94	94
Decrease of depreciation (write off)	(284)	(284)
Balance as of 31 December 2015	316	316
Net book value as of:		
- 31 December 2015	368	368
- 31 December 2014	394	394

8. OTHER CURRENT ASSETS AND PREPAYMENTS

	2015	2014
Receivables for overpaid tax	37	37
Other current assets	-	98
Balance at 31 December	37	135

9. CASH AND CASH EQUIVALENTS

	2015	2014
Current account	4.927	53
Cash on hand	-	313
Balance at 31 December	4.927	366

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

All amounts are expressed in MKD thousand, unless otherwise stated

10. OPERATING FUND

	<u>2015</u>	<u>2014</u>
Operating fund	<u>5.332</u>	<u>892</u>
Balance at 31 December	<u>5.332</u>	<u>892</u>

The changes in the Operating fund are stated in the Statement of changes in the operating funds on page 5.

11. OTHER SHORT-TERM LIABILITIES

	<u>2015</u>	<u>2014</u>
Other liabilities	<u>-</u>	<u>3</u>
Balance at 31 December	<u>-</u>	<u>3</u>

13. OFF-BALANCE RECORDS

As of 31 December 2015 the Organization has no off-balance sheet exposure.

14. SUBSEQUENT EVENTS

There are no material subsequent events that would have an impact on understanding of financial statements.