

**TRANSPARENCY INTERNATIONAL
MACEDONIA - Skopje**

Financial statements for the year ended 31
December 2021 and

Independent Auditor's Report

July 2022, 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 Transparency International Macedonia (in the following text "Organization"), 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 International Standards on Auditing applicable in Republic of North Macedonia and published in Official Gazette no 79/2010. 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.

knowing you.

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Kreston Macedonia dooel
Pandil Siskov str. no. 5-1/45, 1000 Skopje,
Republic of North Macedonia
Tax no. 4032022552493 | ID 7569530
+389 79 263 220
kreston.mk | info@kreston.mk

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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 give a true and fair view of the financial position of the Organization 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 matter

The financial statements of the Organization for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 06 July 2021.

Skopje, 06 July 2022 година

Certified Auditor
Zvonko Kocovski



Managing Partner
Nenad Torteovski



knowing you.

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STATEMENT OF REVENUES AND EXPENSES
For the Year Ended 31 December 2021
In MKD thousands

	Notes	2020	2021
Revenues	4	13.968	13.256
Transfer of surplus from previous year		5.000	6.180
TOTAL REVENUES		18.968	19.436
Operating expenses	5	12.686	16.267
Capital expenses	6	102	37
TOTAL EXPENSES		12.788	16.304
Surplus of revenues over expenses		6.180	3.131

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 28 February 2022 and were signed on its behalf by:


 Secretary General
 Metodi Zajkov



BALANCE SHEET
As of 31 December 2021
In MKD thousands

	Notes	31 December 2020	31 December 2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	253	213
		<u>253</u>	<u>213</u>
CURRENT ASSETS			
Cash and cash equivalents	8	6.234	3.159
		<u>6.234</u>	<u>3.159</u>
TOTAL ASSETS		<u>6.487</u>	<u>3.372</u>
LIABILITIES AND OPERATING FUND			
OPERATING FUND			
Operating Fund	9	253	213
Surplus of revenues over expenses		6.180	3.131
		<u>6.433</u>	<u>3.344</u>
CURRENT LIABILITIES			
Accounts payable	10	54	28
		<u>54</u>	<u>28</u>
TOTAL LIABILITIES AND FUNDS		<u>6.487</u>	<u>3.372</u>

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

STATEMENT OF CHANGES IN OPERATING FUND
As of 31 December 2021
In MKD thousands

	Operating Fund	Difference between revenues and expenses	TOTAL
Balance as of 01 January 2020	248	5.000	5.248
Transferred surplus of revenues over expenses from previous year		(5.000)	(5.000)
Additions of fixed assets	105		105
Depreciation	(100)		(100)
Surplus of revenues over expenses		6.180	6.180
Balance as of 31 December 2020	253	6.180	6.433
Transferred surplus of revenues over expenses from previous year		(6.180)	(6.180)
Additions of fixed assets	37		37
Depreciation	(105)		(105)
Revaluation effect	28		28
Surplus of revenues over expenses		3.131	3.131
Balance as of 31 December 2021	213	3.131	3.344

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

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 2021 is 5 employees (31 December 2020 - 5 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 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.

3.1 Cash and cash equivalents

Cash and cash equivalents 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 Material and non-material investments

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.

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.

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)**3.3 Depreciation (Continued)**

The depreciation rates, applied by the Organization in 2021 are as follows: 1-2,5% for buildings, 10-20% for equipment and vehicle, 12-16% for furniture and 20% 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:

	2020	In MKD 2021
EUR	61,6940	61,6270
USD	50,2353	54,3736

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

All amounts are expressed in MKD thousand, unless otherwise stated

4. REVENUES FROM DONATIONS

	2020	2021
Revenues from donations	13.968	13.256
Total	13.968	13.256

During 2021 the following revenues from donations were realized:

no	Donor	Project	2021
1	Federal Ministry for Economic Cooperation and Development of Germany and the MFA Norway	Combating Illicit Financial Flows-How the Anti-Money Laundering Regulations Respect the Data Protection?	305
2	Ministry of Foreign Affairs Germany	Empowering citizens to detect and safely act against corruption through advocacy and legal advice centres (ALACs) in South East Europe	3.674
3	Balkan Trust for Democracy, project of German Marshall Fund and Embassy of the Kingdom of Norway in Belgrade	Advocacy on implementation of whistleblowing legislation in North Macedonia	3.903
4	USAID CEP represented by the East West Management Institute	Developed monitoring Report on implementation from the Vulnerability to Corruption Assessment (VCA) in Public Employment	230
5	USAID CEP represented by the East West Management Institute	Strengthening Institutional Capacities in the Fight Against Corruption	2.164
6	Business & Strategies in Europe	Support to Civil society Organisations (CSO) in the Turkish Cypriot community through inter-alia tailor made assistance, trainings, capacity building and networking with Greek Cypriot and other European Union's CSO. Publication reference: EuropeAid/135176/C/SER/CY	123
7	European Union through the "Europe for Citizens" program (Reference number 615720-CITIZ-1-2019-HU-CITIZ-CIV)	Promotion of Common Values Across Europe	463
8	Center for Study and Democracy Tirana grant from National Endowment for Democracy	Promotion of on-line platform	141
9	Embassy of the Kingdom of Netherlands	Vulnerability to Corruption in Public Service Employments	264
10	USAID CEP represented by the East West Management Institute	Vulnerability to corruption assessment within state institution with an authority in physical planning, urbanism and construction	1.853
11	Other	Other	135
Вкупно			13.256

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

All amounts are expressed in MKD thousand, unless otherwise stated

During 2020 the following revenues from donations were realized:

Num.	Donor	Project	2020
1	Federal Ministry for Economic Cooperation and Development of Germany and the MFA Norway	Combating Illicit Financial Flows- How the Anti-Money Laundering Regulations Respect the Data Protection?	5.215
2	Ministry of Foreign Affairs Germany	Empowering citizens to detect and safely act against corruption through advocacy and legal advice centres (ALACs) in South East Europe	4.010
3	European Commission DG Enlargement	Ending impunity for grand corruption in Western Balkan and Turkey	1.071
4	USAID CEP represented by the East West Management Institute	Strengthening CSO's Platform in Fight Against Corruption	537
5	USAID CEP represented by the East West Management Institute	Strengthening Institutional Capacities in the Fight Against Corruption	1.652
6	Business & Strategies in Europe	Support to Civil society Organisations (CSO) in the Turkish Cypriot community through inter-alia tailor made assistance, trainings, capacity building and networking with Greek Cypriot and other European Union's CSO. Publication reference: EuropeAid/135176/C/SER/CY	616
7	European Union through the "Europe for Citizens" program (Reference number 615720CITIZ-1-2019-HU-CITIZ-CIV)	Promotion of Common Values Across Europe	727
8	Transparency International Defence and Security Programme	Government Defence Anti-Corruption Index	40
9	Other	Other	100
Total			13.968

5. OPERATING EXPENSES

	2020	2021
Office Materials	756	657
Rents and utilities	408	345
Maintenance	64	61
Other (print, web, accounting)	503	983
Transportation, post, telephone	188	290
Marketing	113	327
Other project related expenses	1.456	1.088
Bank provision	98	98
Per diems and travel costs	117	88
Salaries and other employee related costs	3.830	3.883
Foreign exchange loss	27	49
Intellectual and other services	4.972	8.350
Indirect taxes	44	48
Social transfers to other organisation	110	-
Total	12.686	16.267

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

All amounts are expressed in MKD thousand, unless otherwise stated

6. CAPITAL EXPENSES

	2020	2021
Purchased equipment	102	37
Total	102	37

7. PROPERTY, PLANT AND EQUIPMENT

	Equipment	Total
Cost as of 01 January 2020	783	783
Additions	109	109
Write off	(293)	(293)
Balance as of 31 December 2020	599	599
Additions in the year	37	37
Revaluation	28	28
Balance as of 31 December 2021	664	664
Accumulated depreciation as of 1 January 2020	535	535
Depreciation	104	104
Write off	(293)	(293)
Balance as of 31 December 2020	346	346
Depreciation	105	105
Balance as of 31 December 2021	451	451
Net book value as of:		
- 31 December 2020	253	253
- 31 December 2021	213	213

8. CASH AND CASH EQUIVALENTS

	2020	2021
Current account	6.234	1.297
Foreign exchange account	-	1.849
Deposit	-	13
Balance at 31 December	6.234	3.159

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

All amounts are expressed in MKD thousand, unless otherwise stated

9. OPERATING FUND

	2020	2021
Operating fund - noncurrent assets	253	213
Balance at 31 December	253	213

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

10. ACCOUNTS PAYABLES

	2020	2021
Domestic accounts payable	54	28
Balance at 31 December	54	28

11. OFF-BALANCE RECORDS

As of 31 December 2021, the Organization has no off-balance sheet exposure based on issued bank guarantees.

12. SUBSEQUENT EVENTS

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