



Financial Statements and Independent Auditors' Report

Association HELSINKI COMMITTEE FOR HUMAN
RIGHTS OF THE REPUBLIC OF MACEDONIA Skopje

31 December 2014

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Grant Thornton

Independent Auditors' Report

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To the Assembly and the Board of Directors of
Association HELSINKI COMMITTEE FOR HUMAN RIGHTS OF THE REPUBLIC OF
MACEDONIA, Skopje

We have audited the accompanying financial statements of the Association HELSINKI COMMITTEE FOR HUMAN RIGHTS OF THE REPUBLIC OF MACEDONIA Skopje, ("Association") which comprise the Balance sheet as at 31 December 2014 and the Statement of income and expenses and Statement of changes in the sources of funds for the year then ended, and a summary of significant accounting policies and other explanatory notes, included on page 3 to 12.

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 standards for non-profit organizations adopted in the Republic of Macedonia, and for such internal control as Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 about 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 auditors' judgment, 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 Association'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 Association'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.

Opinion

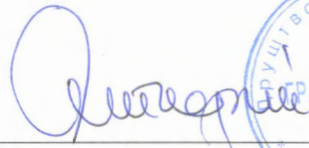
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Association as at 31 December 2014, and its financial performance for the year then ended in accordance with the accounting standards for non-profit organizations adopted in the Republic of Macedonia.

Other issues

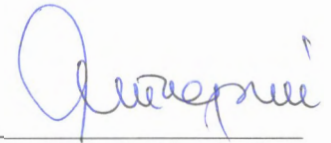
The financial statements of the Association as of and for the year ended 31 December 2013, were not audited and are presented in these financial statements only for comparative purposes.

Skopje,
14 September 2015

Grant Thornton DOO, Skopje



Director
Suzana Stavrik



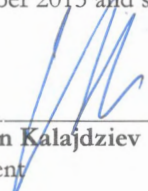
Certified Auditor
Suzana Stavrik

Financial statements
31 December 2014

Balance Sheet

| | Note | (In MKD thousand) As of 31 December | |
|---|------|--|---------------------|
| | | 2014 | 2013 (unaudited) |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 3 | 552 | 1,861 |
| Trade receivables and other receivables | 4 | 24 | 10 |
| | | 576 | 1,871 |
| Non-current assets | | | |
| Equipment | 5 | 256 | 420 |
| | | 256 | 420 |
| Total assets | | 832 | 2,291 |
| Liabilities and sources of funds | | | |
| Current liabilities | | | |
| Other liabilities | | 51 | - |
| | | 51 | - |
| Non-current liabilities | | | |
| Accrued liabilities and revenues | | 525 | 1,871 |
| | | 525 | 1,871 |
| Total liabilities | | 576 | 1,871 |
| Sources of funds | | | |
| Fund | | 256 | 420 |
| | | 256 | 420 |
| Total liabilities and sources of funds | | 832 | 2,291 |

These financial statements have been approved by the Management of the Association on 07 September 2015 and signed on its behalf by:



Gordan Kalajdziev
President

Financial statements
31 December 2014

Statement of income and expenses

| | | (In MKD thousand) | |
|---|------|--------------------|--------------|
| | | For the year ended | |
| | | As of 31 December | |
| | | 2014 | 2013 |
| | Note | | (unaudited) |
| Operating income | | | |
| Donations | 6 | 15,088 | 9,193 |
| Foreign exchange gains | | 74 | 2 |
| Other income | 7 | 141 | 84 |
| | | 15,303 | 9,279 |
| Operating expenses | | | |
| Capital expenditures | 8 | 221 | 44 |
| Personnel expenses | 9 | 9,003 | 5,905 |
| Other expenses | 10 | 6,079 | 3,330 |
| | | 15,303 | 9,279 |
| Surplus / (deficit) for the year | | - | - |

Financial statements
31 December 2014

Statement of Changes in the sources of funds

| | (In MKD thousand) | |
|---|-------------------|---------------------------|
| | Fund | Total sources of funds |
| Balance as of 01 January 2014 | 420 | 420 |
| Additions of tangible assets | 221 | 221 |
| Depreciation of tangible assets | (89) | (89) |
| Disposals of tangible assets, net | (296) | (296) |
| Balance as of 31 December 2014 | 256 | 256 |
| Balance as of 01 January 2013 (unaudited) | 441 | 441 |
| Procurement of tangible assets | 44 | 44 |
| Depreciation of tangible assets | (65) | (65) |
| Balance as of 31 December 2013 (unaudited) | 420 | 420 |

Notes to the financial statements

1 General information

Association HELSINKI COMMITTEE FOR HUMAN RIGHTS OF THE REPUBLIC OF MACEDONIA Skopje (further referred to as "Association") is citizens association established in accordance with the Law on Associations and foundations (Official Gazette of RM No. 52/10). The Association is registered in the Central Registry of the Republic of Macedonia under ID number 4920783. The headquarter of the Association is at Naum Naumovski – Borche 83-1, Skopje, Republic of Macedonia.

Association's primary activity is with code 10.9 other social organizations, foundations and citizens associations. The aims and objectives of the Association, the form of association, internal organization, the name and headquarter, terms and manner of membership and termination of membership, rights, obligations and responsibilities of the Association, advocacy and representation, financing, marks of the Association, changes and amendments to the Statute, the manner of making a decision for termination, disposal of property in case of termination of operation and other issues are defined in Statute of the Association. Statute of the Association was adopted and approved at the session of the Assembly of the Association on September 30, 2010, while on the meeting of May 23, 2014 the amendments were adopted.

Helsinki Committee for human rights of the Republic of Macedonia is nongovernmental, non-religious, non-party organization with members who are proven and expert professionals in different areas, as well as citizens dedicated to safeguard the human rights and who voluntary become a Committee member by signing a statement of affiliation.

The operation is transparent and all members of the Association are informed regularly for all operations, by insight into the realization of the programmes, providing reports for the operating to the Associations' management bodies for the financial operations and similar. The bodies of the Association are obliged to provide methods of informing the general public, which comprises the press, radio and television as well as other electronic media.

The purpose of the Association is to work for promotion, protection and respect of the fundamental human rights and freedoms embedded in the Final Helsinki Act from 1975 and other international document for human rights. Special objectives are:

- To monitor the human rights conditions, on systematic basis, in Macedonia and abroad;
- To prepare reports on human rights issues and to distribute them in the country and abroad;
- To prepare, translate and distribute materials in respect of the human right theory and practice;

Notes to the financial statements (continued)

General information (continued)

- To organize conferences, seminars, public events and other legal forms of civil activities in respect of human rights protection;
- To protect the rights of individuals and legal entities on the territory of RM and abroad;
- To provide a free of charge legal assistance to a sample of individuals and legal entities in respect of protecting their rights and freedoms;
- To develop democracy, civil society and human rights.

The Association is managed by organized membership directly or through their representatives. Managing bodies of the Association are Assembly, Board of Directors, President, Supervisory Board, Executive director and specialist department. The Executive Board should be comprised of at least five, but not more than nine members, elected by the Assembly with the majority of the total number of representatives present in the Assembly.

As of 31 December 2014, the Association has 6 employees (2013: 2 employees).

2 Accounting policies

Following are the principal accounting policies adopted in the preparation of these financial statements. The Accounting policies are consistently applied to all periods disclosed in the financial report.

2.1 Basis of preparation

This financial statements are prepared in accordance with the Law of accounting for non-for-profit organizations (Official Gazette of RM No. 24/2003, 17/2011), Rulebook for accounting for non-for-profit organizations (Official Gazette of RM No. 42/2003, 8/2009, 12/2009, 175/2011), Rulebook for the chart of accounts and financial statements for non-for-profit organizations (Official Gazette of RM No. 117/2005, 11/2006) and Rulebook for the content of the separate accounts in the chart of accounts for non-for-profit organization (Official Gazette of RM No. 117/2005).

The financial statements have been prepared as of and for the years ended 31 December 2014 and 2013. Functional and presentation currency of the Association is Macedonian denar. Current and comparative data stated in these financial statements are expressed in denar thousands, except otherwise stated.

2.2 Cash and cash equivalents

Cash and cash equivalents comprise of cash in banks and cash on hand.

2.3 Trade receivables

Receivables are recognized at nominal value stated in the documents according to settled amounts, less for allowance for uncollectable receivables due to their maturity, final court decision and declaration of uncollectibility of receivables from entities in bankruptcy and liquidation.

2.4 Equipment

The Equipment is stated at cost less accumulated depreciation. Cost includes expenses directly attributable to purchase of assets. Subsequently, at each Balance sheet date the equipment and intangible assets are revalued applying the official announced revaluation indices to its revalued cost and revalued accumulated depreciation. The net revaluation effect is recognized directly in the sources of funds.

Notes to the financial statements (continued)
Accounting policies (continued)

Equipment (continued)

The sources of funds of the Association increases for the cost of purchased equipment. Equipment is recognized as capital expenditure in the period of acquisition, i.e. when the funds (in cash or in assets) are received from the donors.

All other regular maintenances and repairs are recognized as expenses in the Statement of income and expenses during the financial period in which they occur.

Depreciation of equipment is calculated using the straight - line method as to allocate the cost to their residual value during the estimated useful life, as follows:

| | 2014 | 2013 |
|--|---------|---------|
| Leasehold improvements | 2.5% | 2.5% |
| Computers, furniture and other equipment | 20%-25% | 20%-25% |

Depreciation expenses are charged against the sources of funds.

2.5 Current income tax

Current tax expenses at 10% is paid for the year which is determined as the difference between total revenues and total expenses for the period, increased with the non - recognized expenses for tax purposes adjusted for tax credit and less declared revenue.

Income tax expense for the previously presented period was calculated at a rate of 10% on unrecognized expenses for tax purposes corrected by the tax credit and tax releases and exemptions. Undistributed earnings were not subject to taxation.

2.6 Sources of funds

Funds are initially created by founders' contributions made in monetary and/or in kind assets carried at their fair values. Subsequently, funds are increased/ decreased through additional founders' contributions, than results (surplus/shortages) from operations during the periods, as well as changes in the net carrying amounts of the equipment and intangibles (capital expenditures) as explained in Note 2.4.

2.7 Liabilities

Liabilities to suppliers and employees, as well as obligations for salaries, taxes, contributions and other current liabilities are recognized at nominal value.

Liabilities denominated in foreign currencies have been translated into Macedonian denars at the middle exchange rate at the date of the transaction

2.8 Revenue and expense recognition

The recognition criteria of the revenues and expenses of the Association are based on the accounting principle for modified presentation of the operating transactions, as it follows:

- Revenues are recognized in the accounting period in which they occurred, if they are measurable and available. Revenues are recognized in the amount equal to the expenses which occurred at the reporting period.
- Expenses are recognized in the accounting period in which they occurred

Notes to the financial statements (continued)
Accounting policies (continued)

2.9 Foreign currencies

Transactions denominated in foreign currencies have been translated into Macedonian denars at the middle exchange rate at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into Macedonian denars ("denars") at the National Bank of the Republic of Macedonia middle exchange rate on the last day of the reporting period. All gains and losses resulting from foreign currency translation or exchange are included in the Statement of Income as financial income or expenses in the period in which they arose. The middle exchange rates used for conversion of the balance sheet items denominated in foreign currencies are as follows:

| | <u>31 December 2014</u> | <u>31 December 2013</u> |
|-------|-------------------------|-------------------------|
| 1 EUR | 61.4814 denars | 61.5113 denars |
| 1 USD | 50.5604 denars | 44.6284 denars |

2.10 Events after the reporting date

Events after the reporting date that provide additional information about the Association's position at the balance sheet date (adjusting events) are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes when material.

Notes to the financial statements (continued)
As of and for the year ended 31 December 2014
(All amounts are expressed in denar thousands, except otherwise stated)

| 3 | Cash and cash equivalents | 2014 | 2013 (unaudited) | |
|---|--|--------------|---------------------------|--------------|
| | Bank account in Denars | 374 | 1,108 | |
| | Bank accounts in foreign currency | 171 | 632 | |
| | Cash on hand in Denars | 7 | 121 | |
| | | 552 | 1,861 | |
| | | | | |
| 4 | Trade receivables and other receivables | 2014 | 2013 (unaudited) | |
| | Domestic trade receivables | 9 | - | |
| | Receivables for given advances | 15 | 10 | |
| | | 24 | 10 | |
| | | | | |
| 5 | Equipment | Equipment | Leasehold improvements | Total |
| | Cost | | | |
| | 01 January 2013 (unaudited) | 3,978 | 176 | 4,154 |
| | Additions | 44 | - | 44 |
| | 31 December 2013 (unaudited)/ 01 January 2014 | 4,022 | 176 | 4,198 |
| | Additions | 88 | 133 | 221 |
| | Disposals | (3,706) | (309) | (4,015) |
| | 31 December 2014 | 404 | - | 404 |
| | Accumulated depreciation | | | |
| | 01 January 2013 (unaudited) | 3,712 | 1 | 3,713 |
| | Depreciation for the year | 60 | 5 | 65 |
| | 31 December 2013 (unaudited)/ 01 January 2014 | 3,772 | 6 | 3,778 |
| | Depreciation for the year | 82 | 7 | 89 |
| | Disposals | (3,706) | (13) | (3,719) |
| | 31 December 2014 | 148 | - | 148 |
| | Net carrying amount | | | |
| | As of 01 January 2013 (unaudited) | 266 | 175 | 441 |
| | As of 31 December 2013 (unaudited) | 250 | 170 | 420 |
| | As of 31 December 2014 | 256 | - | 256 |

Notes to the financial statements (continued)
As of and for the year ended 31 December 2014
(All amounts are expressed in denar thousands, except otherwise stated)

| 6 Donations | 2014 | 2013 (unaudited) |
|--|---------------|---------------------|
| The Sigrid Rausing Trust | 2,246 | - |
| National Endowment for Democracy | 1,971 | - |
| Foundation open society Macedonia (FOSM) | 1,952 | 618 |
| Embassy of the Federal Republic of Germany | 1,513 | 885 |
| Organization for security and cooperation in Europe (OSCE) | 1,493 | 446 |
| European Commission | 1,423 | 128 |
| Foundation Open Society Institute (FOSI) Switzerland | 1,152 | 708 |
| Embassy of the Kingdom of the Netherlands | 1,071 | 2,662 |
| Foundation open society Macedonia (FOSM)-USAID Civic Society Project | 907 | 480 |
| Association of Local Democracy Agencies | 461 | - |
| Front Line Bol the Intl Foundation for the Protection | 303 | 1,649 |
| Union of the Nation Council for gender equality | 221 | - |
| U.S. Embassy Skopje | 126 | 982 |
| Donation from an individual | 108 | - |
| Joint stock company for insurance Eurolink Skopje | 90 | - |
| Beta consulting | 30 | - |
| Europeische rehstakademi | 21 | - |
| European Parliament | - | 29 |
| French Embassy in Skopje | - | 255 |
| ILGA EUROPE | - | 241 |
| Freedom House | - | 110 |
| | 15,088 | 9,193 |
| 7 Other revenues | 2014 | 2013 (unaudited) |
| Revenues from insurance for damage | 105 | - |
| Other revenue | 36 | 84 |
| | 141 | 84 |
| 8 Capital expenditures | 2014 | 2013 (unaudited) |
| Purchase of furniture and other equipment | 88 | 44 |
| Leasehold improvements | 133 | - |
| | 221 | 44 |
| 9 Personnel expenses | 2014 | 2013 (unaudited) |
| Expenses for honoraria | 5,228 | 4,634 |
| Net salaries | 2,354 | 851 |
| Mandatory contributions for health and social insurance | 952 | 345 |
| Personal income tax | 221 | 75 |
| Volunteers allowances | 248 | - |
| | 9,003 | 5,905 |

Notes to the financial statements (continued)
As of and for the year ended 31 December 2014
(All amounts are expressed in denar thousands, except otherwise stated)

| 10 Other expenses | 2014 | 2013 (unaudited) |
|--|--------------|---------------------|
| Rent expenses | 791 | 942 |
| Travel expenses | 770 | 380 |
| Expenses for supplies and other materials | 717 | 316 |
| Expenses for advertisements and promotions of projects | 588 | 282 |
| Expenses for research and training | 445 | 1 |
| Intellectual services | 440 | 133 |
| Catering services | 425 | 49 |
| Hotel services | 423 | 135 |
| Expenses for telecommunication | 404 | 380 |
| Utilities | 217 | 244 |
| Write-off of cash on hand | 190 | - |
| Bank charges | 59 | 50 |
| Tax expense | 21 | - |
| Other expenses | 589 | 418 |
| | 6,079 | 3,330 |

11 Contingencies and commitments

Litigations

As of 31 December 2014, the legal proceedings raised against the Association amount to Denar 161 thousands. No provision has been made as of the balance sheet date, as professional advice indicates that it is unlikely that any significant loss will arise. In addition, various legal actions and claims may be asserted in the future against the Association from litigations and claims incident to the ordinary course of business. Related risks have been analyzed as to likelihood of occurrence. Although the outcome of these matters cannot always be ascertained with precision, the Management of the Association believes that no material liabilities are likely to occur.

12 Events after the reporting date

After 31 December 2014 – the reporting date until the approval of these financial statements, except the abovementioned, there are no adjusting events reflected in the financial statements or events that are materially significant for disclosure in these financial statements.