



Grant Thornton

Financial statements and Independent Auditor's Report

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

31 December 2016

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Grant Thornton

Independent Auditor's 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 2016 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 13.

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.

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 audit standards accepted in Republic of Macedonia¹. 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.

¹ International Standards on Auditing („ISA“) published by the Board of International Standards on Auditing and Assurance („BISAA“), which came into force on 15 December 2009 translated and published in the Official Gazette of Republic of Macedonia number 79 of 2010.

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 HELSINKI COMMITTEE FOR HUMAN RIGHTS OF THE REPUBLIC OF MACEDONIA as at 31 December 2016, 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.

Emphasis of matter

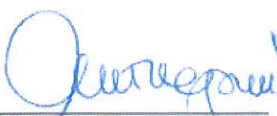
As disclosed in Notes 11 and 12 to the accompanying financial statements, tax books and accounting records of the Association for 2016 and until the date of this Independent Auditor's Report have not been subject to tax control by the tax authorities, except for the tax control performed by the Public Revenue Office for personal income tax for other bases, therefore the recorded tax liabilities in the financial statements can not be considered final. Additional taxes and any sanctions that might arise if such tax control is carried out can not be established with reasonable certainty.

Subsequently, on 8 June 2017, the Public Revenue Office submitted to the Association a draft report of external control in the area of personal income tax on other basis, according to which the Association is obliged to pay the less calculated and paid income tax and interest for travel and accommodation expenses for working groups. On 12 July 2017, the Association submitted a complaint to the draft report. Until the date of approval of the financial statements, the Association has not received a final decision on the conducted control.


Our opinion is not qualified in respect of this matter.

Skopje,
29 November 2017

Grant Thornton DOO, Skopje


Suzana Stavrik
Director




Suzana Stavrik
Certified Auditor

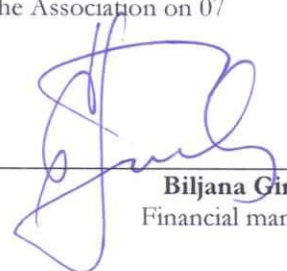
Financial statements
31 December 2016

Balance Sheet

		(In MKD thousand)	
		As on 31 December	
	Note	2016	2015
Assets			
Cash and cash equivalents	3	1,098	189
Trade receivables and other receivables	4	30	345
Income tax receivables		7	5
Equipment	5	280	162
Total assets		1,415	701
Liabilities and sources of funds			
Other liabilities	6	7	350
Accrued liabilities and revenues		1,128	189
Total liabilities		1,135	539
Sources of funds			
Fund		280	162
Total sources of funds		280	162
Total liabilities and sources of funds		1,415	701

These financial statements have been approved by the Assembly of the Association on 07 November 2017 and signed on its behalf by:


Gordan Kalafdziev
President


Biljana Ginova
Financial manager

Financial statements
31 December 2016

Statement of income and expenses

		(In MKD thousand) As on 31 December	
	Note	2016	2015
Operating income			
Donations	7	25,961	16,067
Foreign exchange gains		92	27
Other income		-	15
		26,053	16,109
Operating expenses			
Capital expenditures	8	241	-
Personnel expenses	9	16,372	10,761
Other expenses	10	9,440	5,348
		26,053	16,109
Surplus / (deficit) for the year		-	-

Financial statements
31 December 2016

Statement of Changes in the sources of funds

		(in MKD thousand)
	Fund	Total sources of funds
Balance as of 01 January 2016	162	162
Additions of tangible assets	241	241
Depreciation of tangible assets	(123)	(123)
Balance as of 31 December 2016	280	280
Balance as of 01 January 2015	256	256
Depreciation of tangible assets	(94)	(94)
Balance as of 31 December 2015	162	162

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). In 2012, LGBT Support Centre was registered as Association’s subsidiary. 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 – Borce 83-1, Skopje, Republic of Macedonia.

Association’s primary activity is with code 94.99 Activities of other organizations on a membership basis, not mentioned elsewhere. 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 programs, 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.

Notes to the financial statements (continue)
As of and for the year then ended on 31 December 2016

General information (continued)

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;
- 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
- 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 2016, the Association has 21 employees (2015: 13 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 2016 and 2015. 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.

Notes to the financial statements (continue)
As of and for the year ended on 31 December 2016

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 is 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.

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:

	2016	2015
Leasehold improvements	2.5%	2.5%
Computers, furniture and other equipment	20%-25%	20%-25%

Depreciation expenses are charged against the sources of funds..

Notes to the financial statements (continue)
As of and for the year ended on 31 December 2016

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.

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 at the NBRM middle exchange rate.

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 measurable when they can be expressed as value and are available when occurred in the accounting period or within 30 days after the end of the accounting period as long as the revenues refer to that accounting period and serve to cover the liabilities of that accounting period. 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 or within 30 days after the end of the accounting period as long as the payment obligation occurred in that accounting period.

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 2016</u>	<u>31 December 2015</u>
1 EUR	61.4812 denars	61.5947 denars
1 USD	58.3258 denars	56.3744 denars

Notes to the financial statements (continue)
As of and for the year ended on 31 December 2016

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 on 31 December 2016

(All amounts expressed in denar thousands, unless otherwise stated)

3 Cash and cash equivalents

	2016	2015
Bank account in denars	808	25
Bank accounts in foreign currency	254	164
Cash on hand in denars	36	-
	1,098	189

4 Trade receivables and other receivables

	2016	2015
Receivables for given advances	30	-
Prepaid expenses	-	345
	30	345

5 Equipment

Equipment

Cost

01 January 2015	404
31 December 2015/ 01 January 2016	404
Additions	241
31 December 2016	645

Accumulated depreciation

01 January 2015	148
Depreciation for the year	94
31 December 2015/ 01 January 2016	242
Depreciation for the year	123
31 December 2016	365

Net carrying amount

As of 01 January 2015	256
As of 31 December 2015	162
As of 31 December 2016	280

6 Other liabilities

	2016	2015
Trade payables	-	200
Liabilities to employees	-	145
Other liabilities	7	5
	7	350

Notes to the financial statements (continued)

As of and for the year ended on 31 December 2016

(All amounts expressed in Denar thousands, unless otherwise stated)

7 Donations

	2016	2015
Foundation open society Macedonia (FOSM)	5,501	4,315
Stiftang Open Society Institut	3,310	1,291
United Kingdom Embassy	2,131	-
German Embassy Skopje	2,438	68
European Policy Institute (EPI)	2,362	-
National Endowment for Democracy	2,183	1,706
The Sigrid Rausing Trust	2,175	2,547
OSCE Mission	1,735	1,617
US Department of State	1,849	-
ILGA Europe	711	318
Helsinki odbor za ljudska prava	365	-
Helsinki Committee of Albania	184	-
Asociation des gencies de la Europe- Strazburg	324	868
French Embassy Skopje	188	-
Stichting Nederlands	179	425
Donation project Joint efforts	74	91
Macedonian Centar for European Education	71	-
Rom SOS Prilep	49	-
UNDP	41	-
Beta Konsalting	30	-
Open society european policy	29	-
Europeise rehstakademi - Germanija	16	-
European Commision EIDHR	8	-
PCM Македонија ДООЕЛ Скопје	6	-
LGBTI	2	-
Embassy of the Kingdom of the Netherlands	-	73
U.S. Embassy Skopje	-	1,009
USAID Project Civil Sociaty	-	1,338
European Commission	-	267
Regionale Arbeitsstellen fue	-	18
OMST Zeneva	-	116
	25,961	16,067

8 Capital expenditures

	2016	2015
Purchase of furniture and other equipment	241	-
	241	-

9 Personnel expenses

	2016	2015
Expenses for honoraria	6,303	2,133
Net salaries	6,720	5,668
Mandatory contributions for health and social insurance	2,709	2,287
Personal income tax	595	512
Volunteers allowances	45	161
	16,372	10,761

Notes to the financial statements (continued)
 As of and for the year ended on 31 December 2016
 (All amounts expressed in Denar thousands, unless otherwise stated)

10 Other expenses

	2016	2015
Travel expenses	1,775	704
Expenses for supplies and other materials	1,575	569
Rent expenses	1,131	752
Intellectual services	1,109	605
Catering services	788	585
Hotel services	711	755
Expenses for telecommunication	475	514
Expenses for litigations and executors	260	171
Utilities	251	220
Bank charges	92	59
Expenses for advertisements and promotions of projects	82	74
Expenses for research and training	5	48
Receivables write off	-	12
Other expenses	1,186	280
	9,440	5,348

11 Contingencies and commitments

Litigations

As of 31 December 2016, the legal proceedings raised against the Association amount to Denar 107 thousands (2015: Denar 107 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.

Taxation

Tax books and accounting records of the Association for 2016 and to the date of this Independent Auditor's Report have not been subject to tax control by the tax authorities, except for the tax control performed by the Public Revenue Office for personal income tax for other bases, therefore the recorded tax liabilities in the financial statements can not be considered final. Additional taxes and any sanctions that might arise if such tax control is carried out can not be established with reasonable certainty.

12 Events after the reporting date

Subsequently, on 8 June 2017, the Public Revenue Office submitted a draft report of external control in the area of personal income tax on other basis, on the basis of which the Association is obliged to pay the less calculated and paid income tax and interest for travel and accommodation expenses for working groups. On 12 July 2017, the Association submitted a submission to the draft report. Until the date of approval of the financial statements, the Association has not received a final decision on the conducted control. Our opinion is not qualified in respect of this matter.

After 31 December 2016 – the reporting date until the approval of these financial statements, except for the above mention, there are no adjusting events reflected in the financial statements or events that are materially significant for disclosure in these financial statements.

