

**Coalition "Sexual and Health Rights of
Marginalized Communities"**

Financial Statements for the year ended on
December 31st 2016 and
Independent Auditors' Report

Skopje, April 2017

English translation of Documents issued in Macedonian

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INDEPENDENT AUDITORS' REPORT TO THE MANAGEMENT OF THE COALITION SEXUAL AND HEALTH RIGHTS OF MARGINALIZED COMMUNITIES

We have audited the accompanying financial statements (page 5 – 19) of the Coalition Sexual and Health Rights of Marginalized Communities (hereinafter "the Coalition") which are comprised of the Statement of financial position on December 31st 2016 and the Statement of Income and Expenditures and the Summary of Significant Accounting Policies and other Explanatory Notes.

Management's Responsibility for the Financial Statements

The Management of the Coalition is responsible for the preparation and fair presentation of these financial statements in accordance with the Law on Accounting for Non-profit Organizations and for the internal control that the Management finds necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express our opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing applicable in Republic of Macedonia and the Audit Law of the Republic of Macedonia. Those standards require from us to comply with the ethical requirements and to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

The audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depends on auditor's judgement including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. During the assessment of these risks the auditor consider the internal control relevant for preparation and fair presentation of the financial statements of the Coalition in order to design audit procedures that are appropriate to the circumstances but not for the purpose of expressing an opinion about the effectiveness of the Coalition's internal control. The audit also includes evaluation of the appropriateness of the used accounting policies and the reasonableness of the accounting estimates made by the 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.



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INDEPENDENT AUDITORS' REPORT (continued) TO THE MANAGEMENT OF THE COALITION SEXUAL AND HEALTH RIGHTS OF MARGINALIZED COMMUNITIES

Opinion

In our opinion, the financial statements present fairly in all material respects, the financial position of the Coalition Sexual and Health Rights of Marginalized Communities on December 31st 2016 and its financial performance for the year ended then, in accordance to the Law on Accounting of Non-profit Organizations of the Republic of Macedonia.

Report on Other Legal and Regulatory Requirements

The Management of the Chamber is responsible for the preparation of the Annual Report and the Annual Account in accordance with the Law on Accounting of Non-profit Organizations and they were accepted and approved by the Coalition on February 28th, 2017. Our responsibility is to express an opinion about the consistence of the Annual Report with the annual account and the financial statements of the Chamber. We have performed our procedures in accordance with the Audit Law of the Republic of Macedonia and the International Audit Standard 720 – Responsibilities of the auditor regarding the other information in documents containing audited financial statements. In our opinion the historical financial information disclosed in the Annual Report is consistent with the annual account and the submitted audited financial statements of the Coalition on December 31st 2016.

Skopje, April 26th 2017

MSFI Audit TP – Skopje
Manager
Zharko Mihajlovski



Certified Auditor
Zharko Mihajlovski

STATEMENT OF INCOME AND EXPENDITURES
on December 31st 2016
(in 000 Denars)

	Note	December 31 st 2016	December 31 st 2015
Total Income	4	10.406	7.064
Total Expenditures	5	(9.032)	(6.907)
Transferred Excess Part of Income from previous year	4	139	-
<i>Income Excess – Profit before taxation</i>		1.513	157
Income tax		(39)	(18)
INCOME EXCESS OVER EXPENSES AFTER TAXATION		1.474	139

The notes are an integral part of the financial statements

*The enclosed financial statements are approved for publishing by the Management
of the Coalition on February 28th 2017 and are signed on its behalf by:*


Responsible for preparation of the
Financial Statements





President
Irena Cvetkovic

STATEMENT OF FINANCIAL POSITION
on December 31st 2016
(in 000 Denars)

	Note	December 31 st 2016	December 31 st 2015
A) ASSETS			
NON-CURRENT ASSETS			
Intangible assets	6	60	124
<i>Total Non-current Assets</i>		<u>60</u>	<u>124</u>
CURRENT ASSETS			
Cash	7	1.490	133
Other Receivables	8	27	15
<i>Total Current Assets</i>		<u>1.517</u>	<u>148</u>
TOTAL ASSETS		<u>1.577</u>	<u>272</u>
B) BUSINESS ASSETS SOURCES			
Business Fund	9	57	121
Revaluation Reserves	9	3	3
Excess Income Over Expenses After Taxation		1.474	139
<i>Total Business Assets Sources</i>		<u>1.534</u>	<u>263</u>
C) LIABILITIES			
Other Payables	10	43	9
<i>Total Current Liabilities</i>		<u>43</u>	<u>9</u>
TOTAL BUSINESS ASSETS AND LIABILITIES SOURCES		<u>1.577</u>	<u>272</u>

The notes are an integral part of the financial statements

The enclosed financial statements are approved for publishing by the Management of the Coalition on February 28th 2017 and are signed on its behalf by:


Responsible for preparation of the
Financial Statements




President
Irena Cvetkovic

1. GENERAL INFORMATION ABOUT THE COALITION SEXUAL AND HEALTH RIGHTS OF MARGINALIZED COMMUNITIES

The Coalition SEXUAL AND HEALTH RIGHTS OF MARGINALIZED COMMUNITIES Skopje (hereinafter "the Coalition") was established 14.02.2011 as a non-profit organization in accordance to the Law on Associations and Foundations and is enlisted in the Registry of Associations and Alliances.

VAT number: 4080011519820

Unique ID: 6682383

Enlisted as founders of the Coalition are:

- "IZBOR" (CHOICE) - Strumica with UID 5196248, Braca Miladinovi num. 55/3 Strumica
- "Zdruzenie na gragani HOPS - opcii za zdrav zivot" (Civil Association HOPS – options for healthy life) Skopje with UID 5290350, Kapan An – loc. num. 3 - Skopje Center
- "Zdruzenie na gragani H.E.R.A. - Asocijacija za zdravstvena edukacija i istrazuvanje" (Civil Association HERA – Association for health education and research) with UID 5380120
- "Zdruzenie na gragani Ednakvost za gej i lezbejki - EGAL" (Civil Association Equality for gay and lesbian – EGAL) - Skopje with UID 5943507, Dimitrie Cupovski num. 4-4/14 Skopje
- "Zdruzenie za poddrska na marginaliziranite rabotnici STAR-STAR" (Association for support of marginalized workers STAR-STAR) - Skopje with UID 6589634 Hristo Smirnenski num. 46-2/12 Skopje

Coalition's activity is: 94.99 - Activities of other organizations based on membership not mentioned elsewhere

Goals and tasks of the Coalition are:

- Enhancement of public awareness about the rights of the marginalized communities;
- Enabling equal approach of the marginalized communities to health, social services and equal approach to justice, education on sustainable environment for achieving the same, enforcing the activism towards achieving personal rights;
- Follow-up of discrimination cases and follow-up of the measures for protection from discrimination, enforcing the communication and cooperation of the civil, state and private sector in the sphere of protection of human rights and equal opportunities for marginalized communities;

- Proposing measures and activities to the authorities and institutions, inclusion in international actions and activities dedicated to human rights with various organizations.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis for preparation

The Coalition prepares the financial statements in accordance with the legal regulations of the Republic of Macedonia concerning the performance of non-profit organizations primarily according to the Law on Accounting of Non-profit Organizations ("Official Gazette of RM" number 24/03...154/15) and the corresponding under legal regulations issued on the same basis.

These financial statements show the assets and liabilities, the income and the expenditures related to the performance of the Coalition.

The reliability is supported by the fact that the Coalition will continue to operate in the future.

2. ACCOUNTING POLICIES

Below is the summary of the significant accounting policies that were used during the preparation of the Financial Statements of the Coalition for the year ending on December 31st 2016.

3.1 Income and Expenditures

The recognition of the income and the Expenditure of the Coalition is implemented in accordance with Article 13 of the Law on Accounting for Non-profit Organizations ("Official Gazette of RM" number 24/03...154/15) and Article 18 of the Rulebook on Accounting for Non-profit Organizations ("Official Gazette of RM" number 42/03, 08/09 and 175/11), i.e. in accordance with the accounting principle of modified occurrence of business changes, i.e. transactions.

According to the accounting principle of modified occurrence of business changes, i.e. transactions, the income is recognized within the accounting period when it appeared under the criteria of measuring and availability. The income is measurable when it can be shown in value. The income is available when it is realized within the accounting period or within the period of 30 days after the end of the accounting period provided that the income refers to the accounting period and serves to cover the liabilities of that accounting period.

According to the accounting principle of modified occurrence of business changes, i.e. transactions, the expenditures are recognized within the accounting period when they occurred or within 30 days after the end of the accounting period provided that the liability for payment occurred in that period.

3.2 Tangible Assets

3.2.1. Initial Valuation

The tangible assets (facilities and equipment) are initially valued according to Article 14 of the Law on Accounting for Non-profit Organizations by which the treatment of long-term assets is that they include assets whose duration is longer than a year and whose individual value at the moment of purchase is higher than 300 EUR in denars. The Coalition initially values the long-term assets by purchase value decreased by the total amount of depreciation. The purchase value of the long-term assets is the purchase price increased with the import customs, value added tax, transportation costs and all other expenses that can be added directly to the purchase value, i.e. the purchase expenses.

3.2.2. Subsequent Costs

The costs made to replace a component of the tangible assets are recorded separately and are capitalized only if some future economic benefits are probable that will represent inflows in the Coalition.

3.2.3. Depreciation

The depreciation is implemented by a straight-line method of depreciation consistently applied for the accounting period using annual rates that are integral part of the Rulebook on Accounting for Non-profit Organizations. The depreciation is calculated for each asset individually within the framework of the groups defined in the Rulebook up to the point when the value of the asset is totally depreciated. The useful life of service, that is the period for depreciation, is determined in accordance to the regulated rates. The annual rates for depreciation of the tangible assets are given below, applied to some of the more significant items:

Buildings	1%
Equipment	14%
Computer Equipment and Software	20%
Furniture	12%
Vehicles	15%

3.2.4. Revaluation

The calculation of the revaluation of the long-term assets (tangible and non-tangible assets) the Coalition performs according to Article 15 of the Law on Accounting for Non-profit Organizations and Article 29 and 29-a of the Rulebook on Accounting for Non-profit

Organizations. According to the cited legal provisions the calculation of revaluation is performed in the following cases:

- 1) withdrawal from usage and alienating or
- 2) due to revaluation, with the rate of increase in producer prices of industrial products published by the State Statistical Office.

The basis for revaluation of the long-term assets is the purchase value of the assets and their accounting value shown as accumulated depreciation (impaired value). The revaluation of the tangible and intangible assets (their purchase value and their impaired value) which were purchased in the past years (until 31.12. 2015) and not alienated during 2016, i.e. they are stated in the inventory on 31.12.2016 and represent the elements of the Statement of financial position of the same date (using Form REV-1), is not accounted because the revaluation coefficient for 2016 is negative and shows -0,006.

3.3 Receivables

The receivables are recognized according to the amounts agreed in the contract.

3.4 Inventories

The supplies of small inventory are recognized in accordance with Article 14 paragraph 7 of the Law on Accounting for Non-profit Organizations where the long-term assets whose individual value at the moment of purchase is lower than 300 EUR in denars are qualified as small inventory.

The merchandise supplies are recognized in accordance with Article 14 paragraph 3 of the Law on Accounting for Non-profit Organizations where the long-term assets are shown by purchase value. The purchase value of the supplies is comprised of the purchase value increased with import customs, VAT, transport costs and all other expenses that can be added directly to the purchase value, i.e. purchase expenses.

3.5 Cash and Cash Equivalents

Cash and cash equivalents consist of cash in the cash register, transaction accounts, and deposits in banks and highly liquid investments that can be quickly converted to cash. The cash in the cash register and on the accounts in domestic currency are shown at nominal value, and in foreign currency according to the exchange rate of the National Bank of the Republic of Macedonia at the balance date.

3.6 Liabilities

The liabilities are recognized according to the amounts agreed in the contract.

3.7 Tax Liabilities

Taxes are accounted and paid in accordance with the legal regulations in the Republic of Macedonia. The main activities performed by the Association do not represent sales according to the Law on Value Added Tax and are not subject to VAT taxation. The income tax is calculated and paid on tax non-deductible expenses in the tax balance.

4. TOTAL INCOME

The total income consists of the following (in 000 Denars):

	December 31 st 2016	December 31 st 2015
Income from donations	10.406	7.064
	10.406	7064
Transferred part of income surplus from previous year	139	-
<i>Total Income</i>	10.545	7.064

The Coalition achieves its income mainly from donations and grants. In regard to their purpose the donations are either no purpose-built i.e. are intended for performing the program activities of the Coalition, or are strictly purpose-built for a particular project.

The Income from donations for the year ended on December 31st 2016 are regarded as paid-in funds at the account of the Coalition for performing its project activities.

4.1. Income from donations by donor

The income from donations by donor is listed below (in 000 Denars):

	December 31 st 2016	December 31 st 2015
Open Society Foundation	6.724	3.987
Faculty for media and communication Belgrade	262	969
FIOOM-RRPP	190	-
EPI	-	210
USAID	1.244	1.726
USA Embassy	272	-
Helsinki Commity (USAID)	65	-
MCMS (CIVIKA)	1.536	-
Henrih Boold Stiftung	113	-
SZPMZ	-	172
<i>Total Income from donations</i>	10.406	7.064

4.2 Income by projects

The income by projects is listed below (in 000 Denars):

	December 31 st 2016	December 31 st 2015
Promotion and protection of sexual and health rights of marginalized communities (Open Society Foundation)	6.724	4.159
Program for promotion of regional research in West Balkan (RRPP) – (Faculty for media Belgrade)	262	969
Program for promotion of regional research in West Balkan - FIOOM-RRPP	190	-
EPI (Net 23)	-	210
Legal protection of women –USAID (ESE)	497	-
Civil Society-USAID- (FOOM)	630	545
Improvement of LGBT community status (project of USAID and Helsinki Committee)	182	1.181
Week of Pride – USA Embassy	272	-
Institutional and organizational development of the organization (CIVIKA) - MCMS	1.536	-
Movie Festival - HENRIH BOOLD	113	-
<i>Total Income by Projects</i>	10.406	7.064

5. TOTAL EXPENDITURES

The total expenditures are consisted of the following items (in 000 Denars):

	December 31 st 2016	December 31 st 2015
Expenditures for materials	577	195
Energy consumption	171	155
Other material expenditures	692	204
Post, telephone, internet services	84	83
Transport services	196	205
Printing services	158	296
Non-production services	276	233
Banking services	31	32
Advertising and representation expenditures	153	305
Business space, equipment and halls rent	408	329
Per diem and travelling expenditures	99	216
Contracted and authors' fees	3.912	2.857
Gross salaries	1.545	1.349
Other expenditures	464	303
Expenditures from exchange rate differences	12	7
Taxes and contributions	48	52
Purchase of Equipment	206	86
<i>Total Expenditures</i>	9.032	6.907

5.1. The total expenditures for 2016 by expenditure type are the following:

DESCRIPTION	Amount in 000 denars	
1. Expenditures for materials		
- Office materials	79	
- Auxiliary materials	51	
- Food and beverages	433	
- Spare parts	14	
Total:		577
2. Energy consumption		
- Electricity expenditures	52	
- Steam heating	6	
- Petrol	106	
- Water	7	
Total:		171
3. Other material expenditures		
- Hotel services	692	
Total:		692
4. Post, telephone, internet services		
- Telephone	48	
- Post	36	
Total:		84
5. Transport services		
- Travelling costs	23	
- Taxi	14	
- Pay toll	4	
- Airplane tickets	129	
- Bus and railroad transport	26	
Total:		196
6. Printing services		
- Printing of books and other	158	
Total:		158
7. Non-production services		
- Psychological consulting services	91	
- Accounting services	18	
- Data base access - Academic	18	
- Production of video clips	33	
- House council services	8	
- Air-conditioning services	4	
- Auditing services	51	
- Other services	53	
Total:		276

DESCRIPTION	Amount in 000 denars	
8. Banking services		
- Banking services	31	
Total:		31
9. Advertising and representation expenditures		
- Advertising and representation expenditures	153	
Total:		153
10. Business, equipment and halls rent		
- Conference hall rent	179	
- Office rent	199	
- Equipment rent	30	
Total:		408
11. Per diem and travelling expenditures		
- Per diem expenditures	99	
Total:		99
12. Contracted and authors' fees		
- Contracted and authors' fees	3.912	
Total:		3.912
13. Gross salaries		
- Net salaries	1.045	
- Personal tax on salaries	409	
- Salary Taxes	91	
Total:		1.545
14. Other expenditures		
- Return of not-spent funds to donors	418	
- Expenditures from previous years	19	
- Court and administrative taxes	25	
- Interest paid	2	
Total:		464
15. Exchange rate differences		
- Exchange rate differences	12	
Total:		12
16. Taxes and contributions		
- Taxes and contributions not relying on the result	32	
- Personal tax for rent	16	
Total:		48
17. Purchase of equipment		
- Computers and printers	206	
Total:		206
Overall total:		9.032

5.2 Expenditures by project

The expenditures by projects is as follows (in 000 Denars):

	December 31 st 2016	December 31 st 2015
Promotion and protection of sexual and health rights of marginalized communities (Open Society Foundation)	5.792	4.126
Program for promotion of regional research in West Balkan (RRPP) – (Faculty for media Belgrade)	342	889
Program for promotion of regional research in West Balkan - FIOOM-RRPP	190	-
EPI (Net 23)	-	210
Legal protection of women –USAID (ESE)	505	501
Civil Society-USAID- (FOOM)	630	1.181
Improvement of LGBT community status (project of USAID and Helsinki Committee)	166	-
Week of Pride – USA Embassy	272	-
Institutional and organizational development of the organization (CIVIKA) - MCMS	1.022	-
Movie Festival - HENRIH BOOLD	113	-
<i>Total Expenditures by Projects</i>	9.032	6.907

NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31th 2016

6. NON-CURRENT ASSETS

The non-current assets consist of the following (in 000 Denars):

2016	Equipment	TOTAL
Revalued purchase value		
<i>January 1st 2016 Balance</i>	341	341
New purchases	207	207
Out of use	-	-
Revaluation	-	-
<i>December 31st 2016 Balance</i>	548	548
Revalued value correction		
<i>January 1st 2016 Balance</i>	217	217
Depreciation for 2016	271	271
Revalued correction	-	-
<i>December 31st 2016 Balance</i>	488	488
<i>Net accounting value on December 31st 2016</i>	60	60
<i>Net accounting value on January 1st 2016</i>	124	124
2015	Equipment	TOTAL
Revalued purchase value		
<i>January 1st 2015 Balance</i>	255	255
New purchases	86	86
Out of use	-	-
Revaluation	-	-
Other assets	-	-
<i>December 31st 2015 Balance</i>	341	341
Revalued value correction		
<i>January 1st 2015 Balance</i>	156	156
Depreciation for 2015	61	61
Revalued correction	-	-
Out of use	-	-
Other changes	-	-
<i>December 31st 2015 Balance</i>	217	217
<i>Net accounting value on December 31st 2015</i>	124	124
<i>Net accounting value on January 1st 2016</i>	99	99

7. CASH

The cash consists of the following (in 000 Denars):

	December 31 st 2016	December 31 st 2015
Denar accounts	1.490	127
Foreign exchange accounts	-	6
<i>Total Cash</i>	<u>1.490</u>	<u>133</u>

8. OTHER RECEIVABLES

The other receivables consist of the following (in 000 Denars):

	December 31 st 2016	December 31 st 2015
Receivables from loans	18	15
Other receivables	9	-
<i>Total Other Receivables</i>	<u>27</u>	<u>15</u>

9. BUSINESS ASSETS SOURCES

The business assets sources consist of the following (in 000 Denars):

	2016	Business Fund- long-term assets	Revalued reserves	TOTAL
<i>January 1st 2016 Balance</i>		121	3	124
New purchases		207		207
Sales				
Depreciation		(271)		(271)
<i>December 31st 2016 Balance</i>		<u>57</u>	<u>3</u>	<u>60</u>
	2015			
<i>January 1st 2015 Balance</i>		96	3	99
New purchases		86		86
Sales				
Depreciation		(61)		(61)
<i>December 31st 2015 Balance</i>		<u>121</u>	<u>3</u>	<u>124</u>

10. OTHER PAYABLES

The other payables consist of the following (in 000 Denars):

	December 31 st 2016	December 31 st 2015
Tax obligations	39	9
Paid-in advance obligations	4	-
<i>Total Other Obligations</i>	<u>43</u>	<u>9</u>

11. POTENTIAL OBLIGATIONS

On 31.12.2016 the Coalition is not involved in any court procedures both as accuser or as accused.

12. SUBSEQUENT EVENTS

After the date of preparing the Reports no event had occurred with material significance that should be shown in the financial reports.