

**Coalition “Sexual and Health Rights of
Marginalized Communities MARGINI
Skopje”**

Financial Statements for the year ended on
December 31st 2017 and
Independent Auditors’ Report

Skopje, April 2018

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 MARGINI SKOPJE

We have audited the accompanying financial statements (page 5 – 19) of the Coalition Sexual and Health Rights of Marginalized Communities MARGINI Skopje (hereinafter “the Coalition”) which are comprised of the Statement of financial position on December 31st 2017 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 depend on auditor's judgment 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 MARGINI SKOPJE

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 MARGINI Skopje on December 31st 2017 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.

Compliance report with signed donation contract

The Coalition sexual and health rights of marginalized communities MARGINI Skopje has concluded agreements with several donors, including contracts with Macedonian Center for International Cooperation (MCMS), as follows: Contract for Institutional Grant CM-INS-02 No.11-180/1-2016 from 01.04.2016 from CIVICA MOBILITAS and Annex to the agreement of 14.04.2017. The contract specifies the obligations of the beneficiary of the funds.

Opinion

In our opinion, the Coalition Sexual and Health Rights of marginalized communities MARGINI Skopje used the funds from the institutional grant financed by CIVICA MOBILITAS for the period 01.01.2017-31.12.2017 in accordance with the articles of the signed agreement.

April 30th 2018

MSFI Audit TP – Скопје

Manager
Zharko Mihajlovski




Certified Auditor
Zharko Mihajlovski

STATEMENT OF INCOME AND EXPENDITURES
on December 31st 2017
(in 000 Denars)

	Note	December 31 st 2017	December 31 st 2016
Total Income	4	11.860	10.406
Total Expenditures	5	(11.383)	(9.032)
Transferred Excess Part of Income from previous year	4	1.474	139
<i>Income Excess – Profit before taxation</i>		1.951	1.513
Income tax		(8)	(39)
<i>INCOME EXCESS OVER EXPENSES AFTER TAXATION</i>		1.943	1.474

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 2018 and are signed on its behalf by:*


Responsible for preparation of the
Financial Statements


President
Irena Cvetkovic





STATEMENT OF FINANCIAL POSITION
on December 31st 2017
(in 000 Denars)

A) ASSETS	Note	December 31 st 2017	December 31 st 2016
NON-CURRENT ASSETS			
Intangible assets	6	404	60
<i>Total Non-current Assets</i>		<u>404</u>	<u>60</u>
CURRENT ASSETS			
Cash	7	1.735	1.490
Other Receivables	8	289	27
<i>Total Current Assets</i>		<u>2.024</u>	<u>1.517</u>
TOTAL ASSETS		<u>2.428</u>	<u>1.577</u>
B) BUSINESS ASSETS SOURCES			
Business Fund	9	394	57
Revaluation Reserves	9	10	3
Excess Income Over Expenses After Taxation		1.943	1.474
<i>Total Business Assets Sources</i>		<u>2.347</u>	<u>1.534</u>
C) LIABILITIES			
Other Payables	10	81	43
<i>Total Current Liabilities</i>		<u>81</u>	<u>43</u>
TOTAL BUSINESS ASSETS AND LIABILITIES SOURCES		<u>2.428</u>	<u>1.577</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 2018 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 MARGINI SKOPJE

The Coalition SEXUAL AND HEALTHRIGHTS 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. On 22.01.2018 the name of the Coalition has been changed to "Coalition sexual and health rights of marginalized communities MARGINI Skopje.

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 - Debarca 56-1/4Skopje
- "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 Smirnenki 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.

3.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 31st2017.

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 31.12.2016) and not alienated during 2017, 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), in 2017 revaluation has been calculated in accordance with the published coefficients 0.014.

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 2017	December 31 st 2016
Income from donations	11.860	10.406
	11.860	10.406
Transferred part of income surplus from previous year	1.474	139
<i>Total Income</i>	13.334	10.545

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 2017 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 (in000 Denars):

	December 31 st 2017	December 31 st 2016
Open Society Foundation	6.323	6.724
Faculty for media and communication Belgrade	-	262
FIOOM-RRPP	48	190
High School of Journalism MAMIL Skopje	99	-
USAID	2.500	1.244
ESE (USAID)	389	272
Helsinki Comity (USAID)		65
MCMS(CIVIKA)	1.754	1.536
Henrih Boold Stiftung	210	113
Dutch Embassy	521	-
ERA LGBTI	16	-
<i>Total Income from donations</i>	11.860	10.406

4.2 Income by projects

The income by projects is listed below (in000 Denars):

	December 31 st 2017	December 31 st 2016
Promotion and protection of sexual and health rights of marginalized communities (Open Society Foundation)	5.144	6.724
A common framework for legal strengthening (Open Society Foundation)	1.068	-
Organizing a debate for the visibility of marginalized communities within the celebration of 25 years of existence. (Open Society Foundation)	111	-
Program for promotion of regional research in West Balkan- FIOOM-RRPP	48	190
Program for promotion of regional research in West Balkan (RRPP) – (Faculty for media Belgrade)	-	262
Media literacy in an era of abundance of information. -MAMIL	99	-
Legal protection of women –USAID(ESE) Civil Society – USAID - (FOOM)	389	497
Improvement of LGBT community status and its inclusion in the society. (project of USAID)	-	630
Week of Pride–USA Embassy	2.500	182
Institutional and organizational development of the organization (CIVIKA) - MCMS	-	272
Week of Pride-HENRIH BOOLD	1.754	1.536
Film festival-HENRIH BOOLD	210	-
Exhibition of pride – Dutch Embassy	-	113
Association for Equal Rights of LGBT Community for West Balkans and Turkey ERA – LGBT.	521	-
	16	-
<i>Total Income by Projects</i>	11.860	10.406

5. TOTAL EXPENDITURES

The total expenditures are consisted of the following items (in000 Denars):

	December 31 st 2017	December 31 st 2016
Expenditures for materials	797	577
Energy consumption	214	171
Other material expenditures	552	692
Post, telephone, internet services	105	84
Transport services	257	196
Printing services	311	158
Non-production services	606	276
Banking services	35	31
Advertising and representation expenditures	103	153
Business space, equipment and halls rent	479	408
Per diem and travelling expenditures	208	99
Contracted and authors' fees	4.811	3.912
Gross salaries	2.322	1.545
Other expenditures	313	464
Expenditures from exchange rate differences	2	12
Taxes and contributions	67	48
Purchase of Equipment	201	206
<i>Total Expenditures</i>	11.383	9.032

5.1. The total expenditures for 2017 by expenditure type are the following:

DESCRIPTION	Amount in 000 denars
1. Expenditures for materials	
- Office materials	46
- Auxiliary materials	178
- Food and beverages	504
- Spare parts	20
- Office equipment	49
Total:	<u><u>797</u></u>
2. Energy consumption	
- Electricity expenditures	92
- Steam heating	12
- Petrol	97
- Water	13
Total:	<u><u>214</u></u>
3. Other material expenditures	
- Hotel services	526
- Newspapers, books and CD's	26
Total:	<u><u>552</u></u>
4. Post, telephone, Internet services	
- Telephone	55
- Post	50
Total:	<u><u>105</u></u>
5. Transport services	
- Travelling costs	91
- Taxi	25
- Pay toll	2
- Airplane tickets	75
- Bus and railroad transport	64
Total:	<u><u>257</u></u>
6. Printing services	
- Printing of books and other	311
Total:	<u><u>311</u></u>
7. Non-production services	
- Psychological consulting services	220
- Accounting services	42
- Consultant services	81
- Recording, montage, Production of video clips	87
- House council services and cleaning	19
- Framing pictures	19
- Workshops ESE	50
- Week of pride	13
- Other services	75
Total:	<u><u>606</u></u>

COALITION SEXUAL AND HEALTH RIGHTS OF MARGINALIZED COMMUNITIES MARGINI SKOPJE

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DESCRIPTION	Amount in 000 denars	
8. Banking services		
- Banking services	35	
Total:		35
9. Advertising and representation expenditures		
- Advertising and representation expenditures	103	
Total:		103
10. Business, equipment and halls rent		
- Conference hall rent	221	
- Office rent	216	
- Equipment rent	42	
Total:		479
11. Per diem and travelling expenditures		
- Per diem expenditures	208	
Total:		208
12. Contracted and authors' fees		
- Contracted and authors' fees	4.811	
Total:		4.811
13. Gross salaries		
- Net salaries	1.556	
- Personal tax on salaries	627	
- Salary Taxes	139	
Total:		2.322
14. Other expenditures		
- Health services	12	
- Other expenditures	131	
- Court and administrative taxes	13	
- Interest paid	3	
- Financial audit	130	
- Conference, meetings, seminars	24	
Total:		313
15. Exchange rate differences		
- Exchange rate differences	2	
Total:		2
16. Taxes and contributions		
- Taxes and contributions not relying on the result	50	
- Personal tax for rent	17	
Total:		67
17. Purchase of equipment		
- Computers and printers	201	
Total:		201
Overall total:		11.383

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5.2 Expenditures by project and donors

The expenditures by projects is as follows (in000 Denars):

	December 31 st 2017	December 31 st 2016
Promotion and protection of sexual and health rights of marginalized communities (Open Society Foundation)	5.139	5.792
A common framework for legal strengthening (Open Society Foundation)	1.032	-
National Dialogue to promote public policies in Macedonia (FOOM) RRPP	48	-
Organizing a debate for the visibility of marginalized communities within the celebration of 25 years of existence. (Open Society Foundation)	-	-
Program for promotion of regional research in West Balkan (RRPP) – (Faculty for media Belgrade)	-	342
Media literacy in an era of abundance of information. -MAMIL	43	-
Program for promotion of regional research in West Balkan - FIOOM-RRPP	-	190
Improvement of LGBT community status and its inclusion in Society (project of USAID)	2.100	-
Legal protection of women – USAID (ESE)	425	505
Civil Society-USAID-(FOOM)	-	630
Improvement of LGBT community status (project of USAID and Helsinki Committee)	-	166
Week of Pride – USA Embassy	-	272
Week of Pride- HENRIH BOOLD	210	-
Institutional and organizational Development of the organization (CIVIKA)-MCMS	1.849	1.022
Movie Festival – HENRIH BOOLD	-	113
Exhibition of pride – Dutch Embassy	521	-
ERA LGBT	16	-
<i>Total Expenditures by Projects</i>	11.383	9.032

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6. NON-CURRENT ASSETS

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

2017	Equipment	TOTAL
Revalued purchase value		
<i>January 1st 2017 Balance</i>	548	548
New purchases	201	201
Out of use	-	-
Revaluation	16	16
<i>December 31st 2017 Balance</i>	765	765
Revalued value correction		
<i>January 1st 2017 Balance</i>	488	488
Depreciation for 2017	81	81
Revalued correction	9	9
Last year's corrections	(217)	(217)
<i>December 31st 2017 Balance</i>	361	361
Net accounting value on December 31st 2017	404	404
Net accounting value on January 1st 2017	60	60
2016	Equipment	TOTAL
Revalued purchase value		
<i>January 1st 2016 Balance</i>	341	341
New purchases	207	207
Out of use	-	-
Revaluation	-	-
Other assets	-	-
<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	-	-
Out of use	-	-
Other changes	-	-
<i>December 31st 2016 Balance</i>	488	488
Net accounting value on December 31st 2016	60	60
Net accounting value on January 1st 2016	124	124

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7.CASH

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

	December 31 st 2017	December 31 st 2016
Denar accounts	1.735	1.490
<i>Total Cash</i>	1.735	1.490

8.OTHER RECEIVABLES

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

	December 31 st 2017	December 31 st 2016
Receivables from loans	286	18
Other receivables	3	9
<i>Total Other Receivables</i>	289	27

9.BUSINESS ASSETS SOURCES

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

	2017	Business Fund- long-term assets	Revalued reserves	TOTAL
<i>January 1st 2017 Balance</i>		57	3	60
New purchases		201		201
Sales				
Depreciation		(81)	7	(74)
Last year's corrections		217		217
<i>December 31st 2016 Balance</i>		394	10	404
	2016			
<i>January 1st 2016 Balance</i>		121	3	124
New purchases		207		207
Sales				
Depreciation		(271)		(271)
<i>December 31st 2015 Balance</i>		57	3	60

10. OTHER PAYABLES

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

	December 31 st 2017	December 31 st 2016
Supplier in country	17	-
Tax obligations	63	39
Paid-in advance obligations	1	4
<i>Total Other Obligations</i>	81	43

11. POTENTIAL OBLIGATIONS

On 31.12.2017 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.