

Local Community Development Foundation - Stip

FINANCIAL STATEMENTS
for the year ended on 31 December 2016

with

INDEPENDENT AUDITOR'S REPORT

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GENERAL DATA

**ФОНДАЦИЈА
ЗА РАЗВОЈ НА
ПОКАПНАТА
ЗАЕДНИЦА**



**LOCAL
COMMUNITY
DEVELOPMENT
FOUNDATION**

*Str. Sremski front
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www.frlz.org.mk

Executive director:

Nevenka Longurova Girova

Board of Directors:

Beti Pejeva (president of Board of Directors)

Toni Mihailovski

Violeta Karagunova

Suncica Gjuftevska

Mladen Mitev

Ivo Kasuba

Sande Davcev

Vesna Angelickova

Enise Demirova

Nikola Kamcev

Bank:

Sparkasse bank



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REPORT OF THE INDEPENDENT AUDITORS

To Local Community Development Foundation - Stip

Report on financial statements

We have audited the attached financial statements of the Local Community Development Foundation - Stip, which include the Balance Sheet as of 31 December 2016, as well as the Income Statement and the summary of the 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 Law on Accounting for Non-profit Organizations, prepared on a modified cash basis, and for such internal control as management determines is necessary to enable the preparation of 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 whether the financial statements are free from material misstatement.

The 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 judgment, including the assessment of the risks of material misstatement of the financial statements, notwithstanding whether they are due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements of the entity 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 internal control. The audit also includes an evaluation of the appropriateness of accounting policies used and the rationality of accounting

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estimates made by the management, as well as evaluation of 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 Local Community Development Foundation - Stip as of 31 December 2016, and its financial performance for the year then ended, in accordance with the Law on Accounting for Non-profit Organizations.

Report on Compliance with Contracts for Grants

The Local Community Development Foundation - Stip has signed contracts with more donors. A list of Donors and signed Contracts for financing of Projects are attached to the report. The obligations of fund user are specified in the signed Contracts.

Opinion

In our opinion, the Local Community Development Foundation - Stip used granted funds in compliance with articles in signed contracts.

Skopje, 28.04.2017

Certified Auditor
Stojan Jordanov

Audit firm RSM MACEDONIA Skopje

Certified Auditor
Stojan Jordanov**THE POWER OF BEING UNDERSTOOD**
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PROFIT AND LOSS STATEMENT

(in thousand denars)	Note	Year ended 31 Dec	
		2016	2015
INCOME			
Income from donors	4	14,948	7,957
Self generated income (from services)	4	38	50
Interest and exchange gains	4	1	3
Other income	4	-	-
Profits/losses carried from previous years	4	1,214	187
TOTAL INCOME		16,201	8,197
EXPENSES			
Operating expenditures	5	(8,752)	(6,497)
TOTAL EXPENSES		(8,752)	(6,497)
Income surplus before tax/ (uncovered expenses before tax)		7,449	1,700
Tax on unrecognized costs		-	-
Income surplus / (uncovered expenses)		7,449	1,700

Skopje, 28.04.2017

Nevenka Longurova Girova

executive director



BALANCE SHEET

(in thousand denars)	Note	Year ended on 31 Dec	
		2016	2015
ASSETS			
<u>Long-term assets</u>		79	21
Tangible assets	6	79	21
Intangible assets		-	-
<u>Current assets</u>		7,761	1,525
Inventories		9	-
Short-term financial receivables	8	4	4
Cash	9	7,748	1,521
<u>Prepaid expenses</u>		67	-
Prepaid expenses		67	-
TOTAL ASSETS		7,907	1,546
FUNDS AND LIABILITIES			
<u>Funds and reserve</u>		387	328
Business fund	10	387	328
Revaluation reserves	10	-	-
<u>Current liabilities</u>		67	-
Accounts payable		67	-
<u>ACCRUALS</u>		7,453	1,218
Transfer of surplus of revenues for the next year	10	7,449	1,214
Accrued income		4	4
TOTAL FUNDS AND LIABILITIES		7,907	1,546

Skopje, 28.04.2017

Nevenka Longurova Girova

executive director

NOTES TO THE FINANCIAL STATEMENTS

1. General information on Local Community Development Foundation Stip

Local Community Development Foundation Stip (LCDF) is first Community Foundation in Macedonia. It is founded in December 2006 as legal successor of NGO Support Centre Stip (2001 – 2006). Primarily operates in Stip, but also spread its influence through whole Macedonia. Also maintains cooperation with organization from the region on programs connected with the mandate of LCDF.

The Vision is LCDF is leading organization; team oriented with strength human capacities, financially stabile, recognized and established as important partner on national and international programs.

The Mission of Local Community Development Foundation is effective citizens' participation in public policy making and its consequent implementation.

Strategic goals of LCDF Stip are:

1. Further democratization of Macedonia and development and consolidation of civil society;
2. Local policies improvement and enhancement of decentralization through active civic participation;
3. Strength youth participation in society;
4. Improve local economic development.

The foundation is dedicated on the community and operates in following sectors: decentralization, good governance, rule of law, lobbying and advocacy, human rights, transparency and accountability, philanthropy promotion.

All the activities are focused on citizens' benefits, citizens' organizations, local and national institutions, business sector, active youth, media and donor community.

Current statement of the entity from the register of chambers

Unique ID of the entity	6174043
Full name of the entity	Local Community Development Foundation - Stip
Headquarters	Str.. Sremski front nn, Stip, Republic of Macedonia
Established on	20.11.2006
Unique tax number	4029006134710

2. BASES FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Local Community Development Foundation - Stip are prepared in accordance with the Law on Accounting for nonprofit organizations.

The financial statements are prepared according to the accounting principle for modified incurrence of business changes, i.e. transactions. The present Financial Statements are prepared on a cash basis, whereas revenues are recognized when are collected, and expenses are recognized when settled, within a period of 30 days after the end of the reporting period.

The financial statements are prepared on assumption of continuity of work, i.e. the Local Community Development Foundation - Stip does not have an intention or reasons to end the activities in near future.

The financial statements are shown in thousand denars, except otherwise stated.

3. BASIC ACCOUNTING POLICIES

The fundamental accounting policies that have been applied in the preparation of the Financial Statements for year 2016 are presented below.

3.1 Revenue and expense recognition policy

Revenue and expense recognition is performed according to the accounting principle for modified incurrence of business changes, i.e. transactions.

Accounting principle for modified incurrence of business changes, i.e. transactions means recognition of revenues for the accounting period in which they incurred, in accordance with the criteria for scalability and availability. Revenues are measurable when they can be presented as a value. Revenues are available when they are realized in the accounting period or in a period of 30 days after the accounting period, under the condition that revenues refer to the accounting period and serve to cover the liabilities from that period.

Accounting principle for modified incurrence of business changes, i.e. transactions, means recognition of expenses for the accounting period in which they incurred or in a period of 30 days after the accounting period, under the condition that the payment liability has incurred in that accounting period.

3.2 Cash

Cash consists of cash at hand, cash deposits in a bank and cash deposits in bank in foreign currency accounts.

NOTE 4

	(in thousand denars)	
	2016	2015
Revenues	16,201	8,197
REVENUES FROM INTEREST AND POSITIVE EXCHANGE RATES	1	3
Revenues from interest on bank deposits	1	3
REVENUES FROM MEMBERSHIP FEES, GIFTS, DONATIONS AND REVENUES FROM OTHER SOURCES	14,948	7,957
Revenues from membership fees, gifts and donations	14,948	7,957
SELF-GENERATED REVENUES	38	50
Self-gained revenues	38	50
PROFITS/LOSSES FROM PREVIOUS YEARS	1,214	187
Profits/losses from previous years	1,214	187

The primary sources of funds for the association's activities are donations.

The donors with which contracts have been concluded and amounts of transferred assets in this year can be seen in the table below.

	(in thousand denars)	
Received funds by donors	2016	2015
Foundation Open Society Institute	1,432	2,570
Macedonian Center for International Cooperation	2,060	2,102
Ministry of Local Self-Government	-	1,076
Center for economic analyses	-	195
Metamorphosis	-	258
EU delegation in RM	11,372	1,756
Other	84	-
TOTAL RECEIVED FUNDS	14,948	7,957
Transferred funds from previous year	1,214	187
Transferred funds to next year	(7,449)	(1,214)
TOTAL INCOME	8,713	6,930

NOTE 5

	<i>(in thousand denars)</i>	
	2016	2015
Expenses	(8,752)	(6,497)
OPERATING EXPENSES, SERVICES AND DEPRECIATION	(859)	(3,923)
Supplies	(418)	(215)
Spent energy	(32)	(166)
Maintenance of assets	-	(118)
Other services	(32)	(929)
Transport services	(367)	(1,236)
Advertising, propaganda and representation	-	(562)
Rents and utilities	(10)	(91)
Other material expenses	-	(606)
OTHER EXPENSES	(4,382)	(434)
Bank fee	(59)	(53)
Business trips and travel expenses	(110)	(359)
Allowances for expenses for workers and citizens	(1,376)	-
Intellectual and other services	-	(8)
Other expenses	(2,837)	(14)
SPECIAL PURPOSE ASSETS	(666)	-
Expenses for international cooperation	(666)	-
NON-CURRENT AND OTHER ASSETS	(70)	(24)
Equipment	(70)	(24)
SALARIES AND CONTRIBUTIONS	(2,763)	(2,102)
Salaries	(1,861)	(1,417)
Contributions	(902)	(685)
TAXES AND CONTRIBUTION THAT DO NOT DEPEND ON RESULT	(12)	(14)
Taxes and contribution that do not depend on result	(12)	(14)

Costs distribution under separate items is a reflection of law regulation, which determines accounts for nonprofit organizations.

NOTE 6

(in thousand denars)

Tangible assets

	014	015	
2015	Tools, plant and office inventory	Furniture	Total
Cost			
Balance January 1	266	170	436
Additions	24	-	24
Balance December 31	290	170	460
Accumulated depreciation			
Balance January 1	(200)	(151)	(351)
Depreciation for the year	(69)	(19)	(88)
Balance December 31	(269)	(170)	(439)
Net book value December 31	21	-	21

	Tools, plant and office inventory	Furniture	Вкупно
2016			
Cost			
Balance January 1	290	170	460
Additions	70	-	70
Balance December 31	360	170	530
Accumulated depreciation			
Balance January 1	(269)	(170)	(439)
Depreciation for the year	(12)	-	(12)
Balance December 31	(281)	(170)	(451)
Net book value December 31	79	-	79

The depreciation of material assets is being posted as a decrease in the capital fund and not as an expense in the same period. The calculations regarding depreciation of assets are being conducted according to the legally determined rates of depreciation for different tangible assets.

NOTE 7

	(in thousand denars)	
	2016	2015
Monetary assets	7,748	1,521
Cash in bank	3,119	1,513
Cash on hand	17	8
Foreign currency account	4,612	-

The monetary assets at the end of year 2016 stand in the amount of 7.748 thousand denars and are sum of the assets on the bank account of the association in a commercial bank and cash on hand.

NOTE 8

Review of movement of business fund, revaluation reserves and accumulated surplus of revenues

(in thousand denars)	Founding capital	Depreciation in business fund	Business fund	Revaluation reserves	Accumulated surplus of revenues	Total
Balance at 01.01.2015	-		85	-	187	272
Income for the year					8,010	8,010
Expenses for the year				-	6,473	6,473
Tax on unrecognized costs					-	-
Increase of tangible assets / (capital expenditures - business premises)			24	-	24	-
Depreciation		-	88		-	88
Correction	615	308	-	-	486	179
Balance at 31.12.2015	615	308	21	-	1,214	1,542
Balance at 01.01.2016	615	308	21	-	1,214	1,542
Income for the year					14,987	14,987
Expenses for the year				-	8,682	8,682
Tax on unrecognized costs					-	-
Increase of tangible assets / (capital expenditures - business premises)			70	-	70	-
Depreciation		-	12	-	-	12
Balance at 31.12.2016	615	308	79	-	7,449	7,835