

Здружение Совет за етика во медиумите на
Македонија ЕТИКА ПРЕС СКОПЈЕ

Пријатно:	14.03.2021		
Презентационен број	Број	Платос	Вредност
	153		
	0306		

Council of Media Ethics of Macedonia-Ethic Press Skopje

Financial Statements and Independent Auditor's Report

As of 31.12.2020

March, 2021

Contents:

INDEPENDENT AUDITOR'S REPORT	2
FINANCIAL STATEMENTS OF COUNCIL OF MEDIA ETHICS OF MACEDONIA- ETHIC PRESS SKOPJE - AS OF DECEMBER 31, 2020	4
INCOME STATEMENT	4
BALANCE SHEET	5
NOTES TO THE FINANCIAL STATEMENTS	6
1 GENERAL INFORMATION	6
2 BASIS FOR PREPARATION	7
3 BASIC ACCOUNTING POLICIES	7
3.1 Revenue recognition	7
3.2 Expenses recognition	7
3.3 Capital costs.....	7
3.4 Calculation of the foreign currencies and accounting treatment of the exchange rate differences.....	7
3.5 Property, plant and equipment	8
3.6 Receivables.....	8
3.7 Cash and equivalents	8
3.8 Liabilities to suppliers and other liabilities	8
3.9 Funds and reserves	9
3.10 Contributions for retirement and disability insurance and liability in respect of termination of employment	9
4 DONATIONS	9
5 MATERIAL COSTS AND SERVICES	10
6 OTHER EXPENSES	10
7 SALARIES AND OTHER CONTRIBUTION	11
8 EQUIPMENT AND OFFICE FURNITURE	11
9 OTHER RECEIVABLES	11
10 CASH	11
11 DEFERRED EXPENSES	12
12 PAYABLES	12
13 SALARY LIABILITIES	12
14 EVENTS AFTER THE BALANCE SHEET DATE	12

TO THE ASSEMBLY AND BOARD OF

Council of Media Ethics of Macedonia-Ethic Press Skopje

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Council of media ethics of Macedonia-Ethic Press Skopje (hereinafter referred to as the CMEM), which comprise the balance sheet as of December 31, 2020 and the income statement for the year that ended, and a summary of 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 Law on Accounting for Non Profit organizations in Republic of North Macedonia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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 International Auditing, accepted and published in the Official Gazette of the Republic of Macedonia no. 79 of June 11, 2010. 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.

An 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, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 CMEM as of December 31, 2020, and its financial performance, for the year then ended in accordance with Law on Accounting for Non Profit organizations in North Macedonia.

Report of other legal and regulatory requirements

Opinion on compliance of Institutional Grant financial statement with contract conditions.

According to institutional grant agreement supported by Macedonian Center for International Cooperation and within Civika Mobilitas project, an independent audit opinion on financial report is required.

In our opinion, the financial statement for Institutional grant implemented by Council of media ethics of Macedonia - Ethic Press Skopje presented in Annex I to financial statements, presents fairly all costs and revenues for the period 01.07-31.12.2020 and total costs amounting 1.122.694 MKD are incurred according to Legal regulations in North Macedonia and Institutional grant agreement number 11-177/1-2019 as of July 05, 2019 and amendment to the agreement, dated July 03, 2020. The participation of the Contracting authority is 100% of the costs.

EFEKT PLUS SKOPJE

CERTIFIED AUDITOR

Nikolaki Miov

Skopje, 11.03.2021

Manager

Kristina Tilik



**FINANCIAL STATEMENTS OF COUNCIL OF MEDIA ETHICS OF MACEDONIA-
ETHIC PRESS SKOPJE - AS OF DECEMBER 31, 2020**

INCOME STATEMENT

	Notes	2020 inMKD	2019 InMKD
		<u>6.968.520</u>	<u>4.720.152</u>
Donations	(4)	6.950.720	3.617.738
Transferred income from previous year		17.800	1.102.414
		<u>(3.490.609)</u>	<u>(4.702.352)</u>
Material costs and services	(5)	(497.540)	(1.050.193)
Salaries and other contribution	(7)	(1.671.643)	(1.967.306)
Capital costs		(73.800)	(12.240)
Other expenses	(6)	(1.247.626)	(1.672.613)
Surplus of income over expenses before taxation		<u>3.477.911</u>	<u>17.800</u>
Income tax		-	-
Surplus of income over expenses after taxation		<u>3.477.911</u>	<u>17.800</u>

Financial reports have been approved by the management of Council of media ethics of Macedonia – Ethic Press Skopje on 26.02.2021

For the Council of media ethics of
Macedonia – Ethic Press Skopje



BALANCE SHEET

	Notes	2020	2019
		In MKD	In MKD
Assets			
Non-current assets		130.825	90.456
Equipment and office furniture	(8)	130.825	90.456
Current assets		3.535.083	580.576
Other receivables	(9)	17.220	17.220
Cash	(10)	3.495.647	400.580
Deferred expenses	(11)	22.216	162.776
Assets total		<u>3.665.908</u>	<u>671.032</u>
Funds and liabilities			
Asset sources (Funds)		130.825	90.456
Funds	(8)	130.825	90.456
Current liabilities		57.172	562.776
Payables	(12)	57.172	34.189
Loan liabilities		-	400.000
Salaries	(13)	-	128.587
Surplus of income for transfer to next year		3.477.911	17.800
Funds and liabilities total		<u>3.665.908</u>	<u>671.032</u>

For the Council of media ethics of
Macedonia – Ethic Press Skopje




5

This is an English translation of the original Reports issued in Macedonian, in case of any discrepancies between the English and Macedonian versions the Macedonian text shall prevail.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Full name of the entity: Association Council of media ethics of Macedonia – Ethic Press Skopje

Headquarters: Mitropolit Teodosij Gologanov n.54/2 n.4 Skopje - Center

VAT number: 4080014542793

ID number: 06938086

Authorized person: Katerina Sinadinovska

Owner: Katerina Sinadinovska

Main activity: 94.99 – Activities of other organizations, based on memberships, not mentioned on other places

Organizational form: Organizations, foundations, association of citizens

Date of foundation: 19.02.2014

Management

According the Statute, the bodies of the Council are:

- Assembly
- Management Board
- Supervisory Board and
- Executive Director

The Council of Media Ethics of Macedonia (CMEM) is a non-governmental, non-political and non-profit organization, which brings its members together based on the principle of free will, in order to accomplish certain extent of media regulation through:

- Protection of media freedom and the right of public to be informed
- Prevention of influence of the state, political parties and other centres of power over the media
- Protection of public interests by providing an independent, efficient and fair process of resolving complaints about the media contents
- Promotion of quality in the media contents, by adopting clear and practical guidelines in the work of editors and journalists
- Raising public awareness on the professional and ethical standards to be observed by the media
- Development of a setting for self-criticism, self-awareness and transparency of the media towards the audience
- Facilitation of public access to the media
- Promotion of the Code of Journalists and
- Reduction of all forms of censorship and self-censorship in journalism.

2 BASIS FOR PREPARATION

The financial reports that are audited and for which we have expressed our audit opinion, are prepared in accordance with the Law on Accounting for Non-profit Organizations.

The financial reports are based on accounting principle of modified recognition of the effects of transactions and other events and going concern assumption. The financial reports are prepared according the accounting policies disclosed in note three.

The functional currency of the Association is Macedonian denar (MKD).

All amounts in these financial statements and the accompanying notes are presented in MKD and based on the information from the year that ends as of December 31,2020.

3 BASIC ACCOUNTING POLICIES

The basic accounting policies applied in preparing the financial statements are as follows:

3.1 Revenue recognition

The revenue is recognized based on the accounting principle of modified recognition of the effects of transactions and other events. The revenue can be measured when they can be stated as value. Revenues are available when they are realized in the accounting period or within 30 days after the expiration of the accounting period, provided that the revenues refer to the accounting period and serve to cover the liabilities of that accounting period.

Interest income is recognized according to the time that reflects the effective return on assets.

3.2 Expenses recognition

Expenses are recognized under the accounting principle of a modified occurrence of business changes or transactions, ie they are recognized in the accounting period in which they occurred or within 30 days after the expiration of the accounting period, provided that the payment obligation has occurred in that accounting period.

The interest expenses due to borrowing of assets or receiving loans from other entities are recognized in the period when they occur and that they reflect.

The NGO's calculate annual income tax on the total revenue from activities reduced for 1 million MKD, using a rate of 1%.

3.3 Capital costs

Capital costs are recognized when purchased assets increase the expected future economic benefits of intangible assets. Capital costs are recorded when fixed assets are purchased or manufactured which adds value to existing fixed assets. They are recorded as an asset in the balance and are also recorded in the funds of the Council.

3.4 Calculation of the foreign currencies and accounting treatment of the exchange rate differences

The calculation of all receivables and liabilities in foreign currencies in their MKD equivalent, are stated at average exchange rate valid on the balance sheet.

The positive and negative exchange rate differences caused by the calculation of receivables and liabilities in the value of foreign currencies in their MKD equivalent are shown in the income statement as income or funding expenses in the year to which they apply.

The value of the currencies used as of 31.12.2020 is presented below

Currency	2020 MKD	2019 MKD
1 EUR	61,6940	61,4856

3.5 Property, plant and equipment

An asset is recognized as equipment when it is certain that the entity owns it and that he will realize future economic benefits and when the cost of its acquisition can be objectively measured.

The cost of an asset includes the cost of its acquisition, which includes:

- invoice value of the asset (decreased by any discounts and rebates)
- customs and taxes during the purchasing;
- costs to prepare the venue;
- initial costs associated with shipping and handling;
- installation costs and
- compensate for experts related to the asset.

Equipment is recognized by its historical value lowered for the accumulated depreciation and impairment of assets. The costs incurred for the maintenance are recognized as administrative and sales costs. In case of disposal of the assets their value is recognized as other costs. The value of assets up to 100 EUR is recorded as an inventory.

The calculation of depreciation is straight-line depreciation method prescribed under the annual depreciation rates for 2020 are as follows:

Description	2020	2019
Computers and equipment	14-20%	14-20%
Office furniture	12%	12%

3.6 Receivables

Receivables are recognized by the calculated amounts in accordance with the legal regulations.

3.7 Cash and equivalents

The cash and cash equivalents include cash in hand, cash and accounts in domestic banks and deposits with maturity up to three months, the cash and the accounts in domestic currency are presented in nominal amount, and in foreign currency in MKD according to the exchange rate of the National Bank of North Macedonia on the day of the balance.

3.8 Liabilities to suppliers and other liabilities

Liabilities to suppliers and other liabilities are translated at the height of the nominal amounts resulting from business transactions.

3.9 Funds and reserves

Funds are principal sources for the own assets. They include initial deposit for founding of the Council and additionally assets. Retain earning is stated separately from funds and comprises all undistributed earnings until the balance sheet day.

Uncovered loss is stated separately from the funds and comprises of all uncovered losses until the day of the balance sheet.

3.10 Contributions for retirement and disability insurance and liability in respect of termination of employment

The Council is making payments of contributions for pension and disability insurance to employees in accordance with the domestic legislation. Contributions based on salaries of employees shall be paid into the national fund and through it to private pension funds to individual employees. Council doesn't have any additional obligations related to the payment of these contributions.

Council is obligated to pay the employees who leave for retirement severance minimum corresponding to two average monthly salaries paid in state at the time of retirement. Council doesn't have any reservations for this right to employees because it is considered that the amount is insignificant for the financial statements and the probability of their occurrence is currently low.

4 DONATIONS

The total amount of donations as of 31.12.2020 is 6.950.720 MKD [2019: 3.617.738 MKD] distributed as follows:

	2020	2019
UNESCO	1.300.999	726.462
Civica mobilitas	1.421.650	745.738
European union-European Commission	3.335.160	-
Embassy of the Netherlands	-	1.326.728
Her Majesty the Queen in Right of Canada-The Department of foreign Affairs, Trade and Development	892.911	-
European union-Jean Monnet	-	431.861
Macedonian Center for International Cooperation	-	80.893
Macedonian Institute for Media	-	306.056
Total	6.950.720	3.617.738

The Council is implementing the following projects:

Donor	Period	Project name	Amount of agreement
Civica mobilitas	01.07.2020-30.06.2021	Institutional grant	1.673.871 denar
UNESCO	02.01.2020-31.12.2020	Building Trust in Media in South East Europe and Turkey-Phase 2	25.000 dolar
Her Majesty the Queen in Right of Canada- The Department of foreign Affairs, Trade and Development	01.07.2020-28.02.2021	Promoting Inclusiveness and Respect for Human rights in the Media in N.Macedonia	25.115 Canadian dolar
European union -European Commission	04.01.2021-04.01.2023	EU Support for rule of law-Improving Media Ethics	99.886,40 Euro

5 MATERIAL COSTS AND SERVICES

Description	2020	2019
Consumable supplies	19.078	47.474
Consumed energy	14.245	42.681
Maintenance	7.217	-
Other services	159.086	2.596
Transport services, mail, telephone, internet	92.590	262.892
Expenses for advertising, propaganda	19.985	402.549
Rents	185.339	292.001
Total	497.540	1.050.193

6 OTHER EXPENSES

Description	2020	2019
Bank provision	25.032	29.526
Insurance premiums	-	3.075
Travel expenses and daily allowances	560	
Other allowances for workers	66.456	191.220
Memberships	600	600
Other expenses	1.154.978	1.448.192
Total	1.247.626	1.672.613

Other expenses include services for engaging external personal and services for software maintenance.

7 SALARIES AND OTHER CONTRIBUTION

The costs for salaries for 2020 are amounting 1.671.643 MKD [2019: 1.967.306 MKD]. The last salary from accounting period 2019 is recorded and paid in 2020.

The number of employees at 31.12.2020 is 2 persons [2019: 3 persons].

8 EQUIPMENT AND OFFICE FURNITURE

The opening balance, changes during 2020 and the balance of non-current assets as of 31.12.2020 is as follows:

Description	Furniture	Computers and equipment	Total
Cost			
Balance as of 01.01.2020	151.499	213.241	364.740
Additions during the year		73.800	73.800
Balance as of 31.12.2020	151.499	287.041	438.540
Balance as of 01.01.2019	151.499	213.241	364.740
Additions during the year			
Balance as of 31.12.2019	151.499	213.241	364.740
Accumulated impairment			
Balance as of 01.01.2020	(83.800)	(190.484)	(274.284)
Depreciation for the year	(18.179)	(15.252)	(33.431)
Balance as of 31.12.2020	(101.979)	(205.736)	(307.715)
Balance as of 01.01.2019	(65.621)	(149.600)	(215.221)
Depreciation for the year	(18.179)	(40.884)	(59.063)
Balance as of 31.12.2019	(83.800)	(190.484)	(274.284)
Balance as of 31.12.2020	49.520	81.305	130.825
Balance as of 31.12.2019	67.699	22.757	90.456

9 OTHER RECEIVABLES

Description	2020	2019
Rent deposit	17.220	17.220
Total	17.220	17.220

10 CASH

Description	2020	2019
Bank accounts	3.490.290	397.557
Cash on hand	691	0
Business card	4.666	3.023
Total	3.495.647	400.580

11 DEFERRED EXPENSES

The amount of 22.216 MKD [2019: 162.776 MKD] presents accrued project costs for which donor funds are not available in the accounting period and are deferred for the future period.

12 PAYABLES

Payables as of 31.12.2020 amounting 57.172 MKD . [2019: 34.189 MKD].

13 SALARY LIABILITIES

As of December 31, 2020 the Council has no liability towards employees.

14 EVENTS AFTER THE BALANCE SHEET DATE

No events have been occurred after the balance sheet date which should be disclosed in this report.