

*Council of Media Ethics of Macedonia-Ethic Press Skopje*

# Financial Statements and Independent Auditor's Report

As of 31.12.2019

March, 2020

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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, 2019 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 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, 2019, and its financial performance, for the year then ended in accordance with Law on Accounting for Non Profit organizations in North Macedonia.

## **Other matter paragraph**

The financial statements of the CMEM as of December 31, 2018, were audited by other auditors whose report dated March 4, 2019. expressed an unqualified opinion on those statements.

## **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 01.07-31.12.2019 and total costs amounting 750.917 MKD are incurred according to Legal regulations in North Macedonia and Institutional grant agreement number 11-177/1-2019 as of July 05, 2019. The participation of the Contracting authority is 100% of the costs.

EFEKT PLUS SKOPJE

CERTIFIED AUDITOR

Nikolaki Miov



Manager

Kristina Tilik



Skopje, 02.03.2020

**FINANCIAL STATEMENTS OF COUNCIL OF MEDIA ETHICS OF MACEDONIA-  
ETHIC PRESS SKOPJE - AS OF DECEMBER 31, 2019**

**INCOME STATEMENT**

	Notes	2019 In MKD	2018 In MKD
		<b><u>4.720.152</u></b>	<b><u>7.347.317</u></b>
Donations	(4)	3.617.738	5.464.114
Other income		-	214
Transferred income from previous year		1.102.414	1.882.989
		<b><u>(4.702.352)</u></b>	<b><u>(6.244.903)</u></b>
Material costs and services	(5)	(1.050.193)	(2.077.694)
Salaries and other contribution	(7)	(1.967.306)	(1.797.823)
Capital costs		(12.240)	(18.600)
Other expenses	(6)	(1.672.613)	(2.350.786)
<b>Surplus of income over expenses before taxation</b>		<b><u>17.800</u></b>	<b><u>1.102.414</u></b>
Income tax		-	-
<b>Surplus of income over expenses after taxation</b>		<b><u>17.800</u></b>	<b><u>1.102.414</u></b>

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

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

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## BALANCE SHEET

	Notes	2019	2018
		In MKD	In MKD
<b><u>Assets</u></b>			
<b>Non-current assets</b>		<b>90.456</b>	<b>149.519</b>
Property, plant and equipment	(8)	90.456	149.519
<b>Current assets</b>		<b>580.576</b>	<b>1.110.689</b>
Other receivables	(9)	17.220	17.220
Cash	(10)	400.580	1.085.194
Deferred expenses	(11)	162.776	8.275
<b>Assets total</b>		<b><u>671.032</u></b>	<b><u>1.260.208</u></b>
<b><u>Funds and liabilities</u></b>			
<b>Asset sources (Funds)</b>		90.456	149.519
Funds	(8)	90.456	149.519
<b>Current liabilities</b>		<b>562.776</b>	<b>8.275</b>
Payables	(12)	34.189	8.275
Loan liabilities	(13)	400.000	0
Salaries	(14)	128.587	0
<b>Surplus of income for transfer to next year</b>		17.800	1.102.414
<b>Funds and liabilities total</b>		<b><u>671.032</u></b>	<b><u>1.260.208</u></b>

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

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# 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 31,2019.

## **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 31.12.2019 is presented below

Currency	2019 MKD	2018 MKD
1 EUR	61,4856	61,4950

### 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 2019 are as follows:

Description	2019	2018
Computers and equipment	14-20%	14-20%
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 31.12.2019 is 3.617.738 MKD [2018: 5.464.114 MKD] distributed as follows:

	<b>2019</b>	<b>2018</b>
UNESCO	726.462	794.552
Civica Mobilitas	745.738	162.914
Embassy of the Netherlands	1.326.728	3.718.113
European Union-Jean Monnet	431.861	459.770
Macedonian Center for International Cooperation	80.893	328.765
Macedonian Institute for Media	306.056	0
<b>Total</b>	<b>3.617.738</b>	<b>5.464.114</b>

The Council is implementing the following projects:

<b>Donor</b>	<b>Period</b>	<b>Project</b>	<b>Amount of agreement</b>
Embassy of the Netherlands	01.08.2017-31.07.2019	Institutional strengthening of CMEM	7.448.317,00 MKD
Civica mobilitas	01.07.2019-30.06.2020	Institutional grant	1.491.477,00 MKD
Macedonian Center for International Cooperation	01.07.2018-30.06.2019	Good governance in CSOs	456.562,00 MKD
UNESCO	01.04.2018-30.04.2019	Transparency, trust building and cooperation for enhancing of media self-regulation	21.996,00 €
European union – Jean Monnet	01.08.2018-31-12-2018	Organization of 2018 Jean Monnet Media Award	14.986,00 €
Macedonian institute for media	01.06.2019-02.12.2019	Towards media awareness and effective media self-regulation	4.997,00 €

## 5 MATERIAL COSTS AND SERVICES

Description	2019	2018
Consumable supplies	47.474	85.805
Consumed energy	42.681	82.004
Other services	2.596	681.117
Transport services, mail, telephone, internet	262.892	206.307
Expenses for advertising, propaganda	402.549	491.115
Rents	292.001	531.346
<b>Total</b>	<b>1.050.193</b>	<b>2.077.694</b>

## 6 OTHER EXPENSES

Description	2019	2018
Bank provision	29.526	34.578
Insurance premiums	3.075	14.927
Travel expenses and daily allowances		485.077
Other allowances for workers	191.220	
Memberships	600	1.200
Other expenses	1.448.192	1.815.004
<b>Total</b>	<b>1.672.613</b>	<b>2.350.786</b>

Other expenses include costs for audit services, services for engaging external personal, monthly remuneration for complaints commission members etc.

## 7 SALARIES AND OTHER CONTRIBUTION

The costs for salaries for 2019 are amounting 1.967.306 MKD [2018: 1.797.823 MKD]. The number of employees at 31.12.2019 is 2 persons [2018: 3 persons].

## 8 PROPERTY, PLANTS AND EQUIPMENT

The opening balance, changes during 2019 and the balance of non-current assets as of 31.12.2019 is as follows:

Description	Furniture	Computers and equipment	Total
<b>Cost</b>			
Balance as of 01.01.2019	151.499	213.241	364.740
Additions during the year			
<b>Balance as of 31.12.2019</b>	<b>151.499</b>	<b>213.241</b>	<b>364.740</b>
Balance as of 01.01.2018	151.499	213.241	364.740
Additions during the year			
<b>Balance as of 31.12.2018</b>	<b>151.499</b>	<b>213.241</b>	<b>364.740</b>
<b>Accumulated impairment</b>			
Balance as of 01.01.2019	(65.621)	(149.600)	(215.221)
Depreciation for the year	(18.179)	(40.884)	(59.063)
<b>Balance as of 31.12.2019</b>	<b>(83.800)</b>	<b>(190.484)</b>	<b>(274.284)</b>
<b>Balance as of 01.01.2018</b>	<b>(47.442)</b>	<b>(108.716)</b>	<b>(156.158)</b>
Depreciation for the year	(18.179)	(40.884)	(59.063)
<b>Balance as of 31.12.2018</b>	<b>(65.621)</b>	<b>(149.600)</b>	<b>(215.221)</b>
<b>Balance as of 31.12.2019</b>	<b>67.699</b>	<b>22.757</b>	<b>90.456</b>
<b>Balance as of 31.12.2018</b>	<b>85.878</b>	<b>63.641</b>	<b>149.519</b>

## 9 OTHER RECEIVABLES

Description	2019	2018
Rent deposit	17.220	17.220
<b>Total</b>	<b>17.220</b>	<b>17.220</b>

## 10 CASH

Description	2019	2018
Bank accounts	397.557	1.078.523
Cash on hand	0	4.166
Business card	3.023	2.505
<b>Total</b>	<b>400.580</b>	<b>1.085.194</b>

## 11 DEFERRED EXPENSES

Description	2019	2018
Calculated costs for salaries	128.587	
Calculated communication costs	4.536	8.275
Calculated intellectual services cost	29.653	
<b>Total</b>	<b>162.776</b>	<b>8.275</b>

The amount of 162.776 MKD [2018: 8.275 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 31.12.2019 amounting 34.189 MKD . [2018: 8.275 MKD].

## 13 LOAN LIABILITIES

The Council as of December 31, 2019 has obtained interest-free loan amounting 400.000 MKD with maturity date at April 30, 2020. This liability is towards Macedonian Center for International Cooperation.

## 14 SALARY LIABILITIES

As of December 31,2019, the Council has liability to the employees concerning the last salary from accounting period, amounting 128.587 MKD. This liability is paid in 2020.

## 15 EVENTS AFTER THE BALANCE SHEET DATE

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