# First Children's Embassy in the World MEGJASHI

Financial Statements
For the year ended
31 December 2004
With Independent Auditor's
Report

## **Contents**

Auditor <sup>3</sup>	'n	Report
Auditor	3	Kebon

## **Financial Statements**

Income Statement	1
Balance Sheet	2
Statement of fund balance	3
Notes to the financial statements	2
Appendix	10



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## Independent Auditor's Report to the First Children's Embassy in the World MEGJASHI

We have audited the accompanying balance sheet of the First Children's Embassy in the World MEGJASHI ("the Organisation") as at 31 December 2004, and the related statements of income and fund balance for the year then ended. These financial statements are the responsibility of the Organisation's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the Organisation as at 31 December 2004, and of the results of its operations for the year then ended in accordance with Macedonian Legislation.

7 June 2005

Skopje

KPMG KPMG

## **Income Statement**

For the year ended 31 December 2004			
In MKD	Note	2004	2003
Income from donations	1	11,088,188	22,085,574
Income from self-financing		296,608	175,623
Total contribution income		11,384,796	22,261,197
Program expenses	2	12,861,211	21,854,273
Program expenses		12,861,211	21,854,273
(Deficit)/surplus for the year		(1,476,415)	406,924

## **Balance Sheet**

As at 31 December 2004

In MKD	Note	2004	2003
Assets			
Property, plant and equipment	3	1,631,868	2,359,883
Total non current assets		1,631,868	2,359,883
Cook and cook assignments	A	506 129	1 994 410
Cash and cash equivalents	4	596,138	1,884,410
Receivables	5	208,400	208,400
Total current assets		804,538	2,092,810
Total assets		2,436,406	4,452,693

Liabilities and fund balance			
Fund balance		2,400,920	4,315,958
Total fund balance		2,400,920	4,315,958
Payables	6	35,486	136,735
Total current liabilities		35,486	136,735
Total liabilities and fund balance		2,436,406	4,452,693

The financial statements set out on pages 1 to 9 were approved by the Organization's Collegium on 7 June 2005 and signed on its behalf by:

M.Sc. Dragi Zmijanac Executive Director

## Statement of fund balance

For the year ended 31 December 2004

In MKD	Fund Balance
At 1 January 2003	2,402,034
Additions of property, plant and equipment	1,635,929
Depreciation charge for the year	(128,930)
Surplus for the year	406,924
At 31 December 2003	4,315,958
At 1 January 2004	4,315,958
Additions of property, plant and equipment	330,495
Write off of property, plant and equipment	(659,744)
Depreciation charge for the year	(109,374)
Deficit for the year	(1,476,415)
At 31 December 2004	2,400,920

## Significant accounting policies

The First Children's Embassy of the World – Megjashi ("the Organisation") was established in Skopje, Republic of Macedonia, on 29 April 1992. It was registered as a not-for profit organisation in accordance with the Law for Citizens Associations and Foundations. It operates on national level with funds received from various donors. The main activities relate to protection of children's rights.

#### (a) Statement of compliance

The financial statements have been prepared in accordance with the Macedonian Legislation.

### (b) Basis of preparation

The financial statements are presented in Macedonian Denars. They are prepared on historical cost basis except for revaluation of certain property, plant and equipment and depreciation charge.

The accounting policies are consistent with those used in the previous years.

#### (c) Property, plant and equipment

Items of property, plant and equipment paid are stated at cost or valuation less accumulated depreciation (see below).

Additions of property, plant and equipment paid in cash during the year are recorded as assets and liability to the vendor and at the same time as expense and increase of fund balance. Additions of property, plant and equipment donated as contribution in-kind to the Organization are recorded as increase of assets and fund balance.

Depreciation of property, plant and equipment is designed to write off the cost of property, plant and equipment on a straight-line basis over their prescribed useful lives:

	2004	2003
	%	%
Furniture and equipment	12-20	12-20

The depreciation charge for the year for property, plant and equipment paid in cash is recorded as decrease of fund balance and increase of the accumulated depreciation. The depreciation charge for the donated property, plant and equipment in kind is recorded as expense and increase of accumulated depreciation.

Assets are not depreciated until they are brought into use.

## Significant accounting policies (continued)

## (d) Income from donations

Income is recognized in the period when occurred according to the criteria of measurability and availability. The income is measurable when it can be expressed in values. The income is available if it occurred within or 30 days after the reporting period end and if it is used for settlement of liabilities arised in the reporting period.

### (e) Expenses

Expenses are recognized in the period when incurred or within 30 days after the end of the reporting period if the liability arised in the reporting period.

## (f) Foreign currency

There are no transactions in foreign currency.

## (g) Taxation issues

The corporate tax is fixed for all taxpayers in amount of 15% on taxable income but as a not for profit organization the Organization is not liable for corporate tax.

## 1. Income from donations

In MKD	2004	2003
USAID – Community Self-Help Initiative	3,730,473	14,557,274
Ministry of Labour and Social Policy	2,342,400	2,150,000
PRiSMa	1,924,000	-
Macedonian Centre for International Cooperation	639,115	576,521
Balkan Children and Youth Foundation	626,060	333,134
Institute for Sustainable Communities	412,861	716,494
Holland Embassy	363,260	_
Donations from employees	258,545	325,945
USAID – World Learning	253,031	-
OSCE	229,729	-
Government of the Republic of Macedonia	150,000	100,000
CRIC – Centro Regionale di Intervento per la		
Cooperazione	-	2,410,304
World Bank	-	398,470
Embassy of Switzerland	-	243,097
Equal in Development, Brussels		109,445
Global March for Children	-	52,510
Other	158,714	112,380
	11,088,188	22,085,574

## 2. Program expenses

In MKD	2004	2003
Honoraria	2,874,735	4,018,444
Salaries	2,170,280	2,658,553
Program materials	2,059,307	4,045,476
Non-production expenses	1,014,857	4,432,657
Transportation	999,102	1,272,510
Printing services	779,832	1,584,066
Maintenance	637,794	812,896
Telephone and postal services	624,868	914,458
Purchased property, plant and equipment	330,495	735,829
Depreciation	289,392	159,321
Fuel	245,536	286,432
Representation ,	22,696	20,838
Other	812,317	912,793
	12,861,211	21,854,273

### 2. Program expenses (continued)

The main project activities implemented by the Organisation during 2004 were as follows:

- SOS Phone for Children and Young financed by the Balkan Children and Youth Foundation and Netherlands Embassy. The SOS Phone replied to 414 calls during 2004 and realise 23 meetings with children, young and parents. Most common reasons for the calls were family problems and problems related to violence of various types (sexual abuse, psychic and physical abuse, abuse of child labour). The volunteers went through a series of trainings for improvement of the team work in organisation of SOS Phone. In 2004 SOS Phone for Children and Young become a member of the Child Helpline International;
- Shelter for children in crisis. 16 displaced persons from the village Arachinovo, out of which eight are children, are sheltered with financial support of the Ministry of Labour and Social Policy;
- Macedonian Volunteers in Action Mac Action is the largest project that was undertaken
  by the Organization in 2004. Its mission is to stimulate volunteerism and aid in the
  community through informal training and minimum financial support to the volunteers.
  The USAID the Community Self-Help Initiative, PRiSMa and OSCE were the
  financiers of the project;
- Non-Violent Conflict Resolution Initiative for better mutual understanding was a
  project for improvement of the communication between the high school students of
  Macedonian and Albanian ethnic origin. The project was financed by the Institute for
  Sustainable Communities;
- Action plan In the scope of the project for improved protection of the children, financed by the USAID – World Learning was prepared brochure which consist suggestions and recommendation regarding social and other rights of the children in the Republic of Macedonia;
- Besides the above activities the Organization realized its regular activities such as children's workshops, legal representation and lobbying, social and humanitarian aid, publications, activities bulletin, participation in international seminars, trainings and conferences.

## 3. Property, plant and equipment

In MKD	Furniture and equipment
Cost or valuation	
At 1 January 2004	3,671,935
Additions	330,495
Write off	(842,841)
At 31 December 2004	3,159,589
Depreciation	
At 1 January 2004	1,312,052
Charge for the year in income statement	109,374
Depreciation for donated property, plant and equipment	289,392
Write off	(183,097)
At 31 December 2004	1,527,721
Carrying amount	
As at 1 January 2004	2,359,883
As at 31 December 2004	1,631,868

Equipment in the amount of MKD 712,925 was written off after the donor USAID – Community Self-Help Initiative has withdrawn the assets at the end of the project Macedonian Volunteers in Action in August 2004.

#### 4. Cash

In MKD	2004	2003
Cash at bank Cash on hand	565,720 30,418	1,846,399 38,011
	596,138	1,884,410

### 5. Receivables

Receivables of the Organization are consisted of MKD 198,400 from the Ministry of Labour and Social Policy for the accommodation of temporary displaced persons for December 2004 (2003: MKD 198,400 for December 2003) and MKD 10,000 from the Young European Federalists of Macedonia (2003: MKD 10,000).

## 6. Payables

Payables in 2004 are consisted of MKD 24,908 toward Makedonski Telekomunicacii and MKD 10, 578 toward Mobimak.

## 7. Subsequent events

No material events subsequent to the balance sheet date have occurred which require disclosure in the financial statements.

Appendix Overall program report for expenditures for the year ended 31 December 2004

			d SOS	uditures 2004		Membran	lan Voluntaers in Aerita	Cellon				
	Program for development and consolidation of the FCEWM	Initiative for botter interethatest understanding	Netheria Embas	BCYF	Lawraniy displaced persons	(PRIS)		(OSCE)	Action plan	Own participation in the total expenditures	*	Total
N. Carallal Control of											П	
loo!		31,928	15,536		8,30,521	100,015	107,929	39,500	2,346		8.768%	1,127,672
Office materials Used materials for hygiene	32,629	10,299		41 459	8,38,8	11,211	5016	8,515,R	23,255	23,003	4.045%	53,033
(Seed materials Written of restry inventors					45,476	7,350	36,498		3CF 11	310.03	0.617%	79,124
Used medicines	1,820				99,566	2,300	80,594	00033			1.682%	216,283
Utility expenses									4.10	100 Sept. 100 Se		
Electricity finel	0.00	13621		CODE 1		26,060	12.12.		3.5.31	40 126	0.470%	180,191
Waler						4 (14)	931				96600	4,962
Melitenance verifice									1000			
Repair of vehicles, computer etuipment and canalisation										V1-148	0.522%	67,145
Other werless							2000 1 2000 1 2000				11	7 100
Ciber neu preductional services	31,474					94,151	312,218			1,047		\$67,445
Printing services	800,008	36,658		14 184		117,219		89,208	10,2017	18,600	6,210%	798,633
Transportution wereless												
	0. 50	107,00		300		355 500	\$11		4,020	16.545	0.134%	15.980
runitya. Tangpartating services	2,706	23,328	95,268	16,329		111,118	87,816	230	2,856	\$5,418	3.089%	197,260
0				1000	1		25-14-12-14-15-15-16-16-16-16-16-16-16-16-16-16-16-16-16-					T
Representation							R,221			14.475	0.176%	72,696
							3 5 3 3 3 3 3 3 3		2000			
Depression charge of property, plant, and equipment										280,192	2.250%	289,392
Other material continues						6670.000000			2000			
Court and administrative taxes										48,156	1 1	48.156
Expenses for professional literature Expenses for naticination on commans	300						58 1181			1 0000	0.458%	4.200
Registration of vehicles										885.81	1 1	38,288
		15,494				104,623	584,488		051	5,870	5 682%	730,834
Rond								280 S od	27.7			
Rgm						31,250	52,528				%1890	N. 778
Bunk prevision								- MOTO 11 15 15 15 15 15 15 15 15 15 15 15 15			1 (A)	
Dank provision	882					11,174	14,147			17 244	0.342%	43,947
TAINE											0.02670	17.11
lientrance											1000	2020
THE THE PARTY OF T						3,340				11.000	W.76.7 II	21,010
Exponent for business trips				1870								
Per diem for husiness frips in the country Per diem for husiness trips abroad										474,474	1	74,474
Expenses for lodging	33,020	111,134		40,354		271 8/8/			27,140	21,240	3.926%	XXX, YXX
OTHER EARTHS AND PRINCES (TILE)											1 1	
Allowances to the employees		2307		3000000						39L F	78170.0	113
Fixed allowance	4,600	2001									0.036%	dily'r
Membership (ess								200		The second		
Other types of membership fees										27,720	0.216%	27,720
(intellectual sed perfound services												
Royalies					005 006	059'6	200			100	.0.54	9,610
Lentracis by uced Notary services	450,075	018 007	*/u'u/?	n66,850	387, 1881	277,116	650,240,1				0.384%	16,490
Translation services						21.5.2.1	35, 05			14,160	0.110%	14,160
Oliter intellectual services	219,008					7 140	2X,674			1 × 1	2.0X02a	CDR.AS
Other expenses Other expenses							127.380	66,847		817.751	2.496%	320,954
Salative and contributions. Salatics										2,079,058	16.165%	2,079,05K
Personal income tax	1,693	4,708	16,800	798		45,986	20,419		818		0.709%	1177'16
Property plant and equipment												
Property plant and equipment	00,117,000	7.0580		1 8750	0 8 10m	13,495	36.36.96	7819%		1		100%
TOTAL	1,194,012	940,402	483,763	241,542	1,264,231	1,992.518	3,377,363	229.300	251,435	3,438,402		12,861,211