

**METAMORPHOSIS FOUNDATION FOR  
INTERNET AND SOCIETY SKOPJE**

**Financial Statements for the Year Ended  
31 December 2020 and**

**Independent Auditor's Report**

November 2021, Skopje

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To:  
The Management of  
METAMORPHOSIS FOUNDATION FOR INTERNET AND SOCIETY  
SKOPJE

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of METAMORPHOSIS FOUNDATION FOR INTERNET AND SOCIETY Skopje (in the following text "the Organization"), which comprise the Balance Sheet as of 31 December 2020, the Statement of Revenues and Expenses and Statement of Changes in Funds for the year then 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 the Accounting Law for Non-profit Organizations and the standards for reporting under the cash basis of accounting. 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *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 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.

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 judgement, 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.

To:  
The Management of  
METAMORPHOSIS FOUNDATION FOR INTERNET AND SOCIETY  
SKOPJE

### INDEPENDENT AUDITOR'S REPORT (Continued)

#### *Auditor's opinion*

In our opinion, the financial statements of METAMORPHOSIS FOUNDATION FOR INTERNET AND SOCIETY Skopje give a true and fair view, in all material aspects, of the financial position of the Organization as of 31 December 2020, as well as the operating results and the changes in the funds for the year than ended, in accordance with the Accounting Law for Non-profit Organizations and standards for reporting under the cash basis of accounting.

Skopje, 04 November 2021

Certified Auditor  
Zvonko Kocovski



Manager  
Dragan Dimitrov



**METAMORPHOSIS FOUNDATION FOR INTERNET AND SOCIETY SKOPJE**  
**STATEMENT OF REVENUES AND EXPENSES**  
**For the Year Ended 31 December 2020 and 2019**  
**In MKD thousands**

	Notes	2020	2019
Granted donations	4	68.740	66.611
Transferred surplus of revenues		13.035	11.546
Sales	5	1.707	374
Financial revenues	6	18	600
<b>TOTAL REVENUES</b>		<b>83.500</b>	<b>79.131</b>
Operating expenses	7	(62.420)	(65.908)
Capital expenses	8	(3.348)	(188)
<b>TOTAL EXPENSES</b>		<b>(65.768)</b>	<b>(66.096)</b>
<b>Surplus of revenues over expenses before taxes</b>		<b>17.732</b>	<b>13.035</b>
Income tax	9	-	-
<b>Surplus of revenues over expenses after taxation</b>		<b>17.732</b>	<b>13.035</b>

The accompanying notes form an integral part of these financial statements.

The accompanying financial statements were authorised for issue on 28.02.2021 by the management of the Organization and were signed on its behalf by:

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 Director  
 Bardil Jashari

**METAMORPHOSIS FOUNDATION FOR INTERNET AND SOCIETY SKOPJE**

**BALANCE SHEET**

As of 31 December 2020 and 2019

In MKD thousands

	Notes	31 December 2020	31 December 2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	3.691	982
		<u>3.691</u>	<u>982</u>
<b>CURRENT ASSETS</b>			
Other current assets and prepayments	11	1.026	3.118
Cash and cash equivalents	12	17.708	9.920
		<u>18.734</u>	<u>13.038</u>
<b>TOTAL ASSETS</b>		<u><u>22.425</u></u>	<u><u>14.020</u></u>
<b>LIABILITIES AND OPERATING FUND</b>			
<b>OPERATING FUND</b>			
Operating Fund	13	3.691	982
Surplus of revenues over expenses after taxation		17.732	13.035
		<u>21.423</u>	<u>14.017</u>
<b>CURRENT LIABILITIES</b>			
Liabilities	14	827	-
Other short term liabilities and accruals	15	175	3
		<u>1.002</u>	<u>3</u>
<b>TOTAL LIABILITIES AND FUNDS</b>		<u><u>22.425</u></u>	<u><u>14.020</u></u>

**METAMORPHOSIS FOUNDATION FOR INTERNET AND SOCIETY SKOPJE**  
**STATEMENT OF CHANGES IN OPERATING FUND**  
**For the Year Ended 31 December 2020 and 31 December 2019**  
**In MKD thousands**

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	Operating Fund	Surplus of revenues over expenses	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Balance as of 1 January 2019</b>	<b>1.123</b>	<b>11.546</b>	<b>12.669</b>
Transferred surplus of revenues over expenses from previous year	-	(11.546)	(11.546)
Purchased assets	188	-	188
Revaluation of non-current assets	98	-	98
Revaluation of depreciation	(88)	-	(88)
Depreciation	(339)	-	(339)
Surplus of revenues over expenses	-	13.035	13.035
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Balance as of 31 December 2019</b>	<b>982</b>	<b>13.035</b>	<b>14.017</b>
Transferred surplus of revenues over expenses from previous year	-	(13.035)	(13.035)
Purchased assets	3.227	-	3.227
Revaluation of non-current assets	7	-	7
Revaluation of depreciation	-	-	-
Depreciation	(525)	-	(525)
Surplus of revenues over expenses	-	17.732	17.732
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Balance as of 31 December 2020</b>	<b>3.691</b>	<b>17.732</b>	<b>21.423</b>

The accompanying notes form an integral part of these financial statements.

**1. ESTABLISHMENT AND ACTIVITY**

The METAMORPHOSIS FOUNDATION FOR INTERNET AND SOCIETY - Skopje (in the following text “the Organization”) is foundation registered in the Register of Citizen Association and Foundation at Basic court 1 in Skopje, under Reg. No. 1870 from 25.10.2004.

The main objectives and tasks of the Foundation are: development of democracy and prosperity through promotion of society based on knowledge and promotion of use of the information and communication technology as tool for development of the open society.

The total number of the employees as of 31 December 2020 amounts 34 employees (31 December 2019 was 27 employees).

**2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS**

The financial statements of the Organization are conducted in accordance with the Non-Profit Organization Accounting Law and the International accounting standards for the public sector on cash basis published in the Republic of North Macedonia for presentation of the balance sheet items, balances of the assets, liabilities, sources of the assets, revenues and expenses, and the operating results on true, fair, confidential, complete, punctual basis.

The amounts in the statements and the notes are stated in thousands of MKD, except when otherwise indicated in the text.

**3. BASIC ACCOUNTING POLICIES**

The basic accounting policies used for preparation of the financial statements are listed in the following text.

**3.1 Comparative Figures**

Comparative figures represent the audited financial statements for the year ended 31 December 2019.

**3.2 Cash and cash equivalents**

The Foundation’s cash comprises of the cash on hand and the cash on bank account in the commercial banks. Money at the cash account and at the bank accounts stated in domestic currency are presented in the general ledger at their nominal value, while the foreign exchange currency is stated according to the exchange rate of NBRM at the reporting date.

**3.3 Material and non-material investments**

Material and non-material investments (fixed assets) are stated at their cost value. The cost of the fixed assets comprise the purchasing price increased for the import customs, non-refundable VAT, manipulative expenses and all other expenses that can be added to the cost, i.e. to the purchasing expenses. The operating fund of the Foundation increases for the amount of the value of fixed assets purchased.

The revaluation of fixed assets (tangible and intangible assets), is performed because of additional valuation due to the increase of the annual inflation rate, measured with the official industrial product price index. Revaluation basis is the cost of the assets.

Revaluated value of the assets is determined by indexing.



**3. BASIC ACCOUNTING POLICIES (Continued)**

**3.4 Depreciation**

Tangible and intangible assets (fixed assets) are depreciated using the straight-line method, so their cost and revaluated amount are depreciated in equal annual amounts during the estimated utilization period of the fixed assets.

The amount of the current depreciation is recorded on the burden of the operating fund.

The depreciation rates, applied by the Foundation in 2020 are as follows: 25% for vehicles, 20% for electric and computer equipment, 20% for furniture, 11% for mobile devices, 12-16% for other equipment.

The calculation of the depreciation is performed separately for each item, and not for a groups of assets.

**3.5 Recognition of the revenues and expenses**

Revenues and expenses of the non-profit organizations are recognized according to the modified cash basis of accounting.

According to the modified cash basis of accounting the revenues i.e. expenses are recognized in the accounting period of calculation in which they appear under criteria of measurement and availability. Revenues i.e. expenses are measurable when they can be stated by their value. Revenues i.e. expenses are available when they are realized, i.e. when they appear (paid) in the accounting period or within the period of 30 days after the accounting period, under condition to be related to the accounting period and serve for payment of the liabilities for the period (if liabilities for payment appear in the accounting period).

**3.6 Amounts stated in foreign currency**

The transactions in foreign currency are stated in MKD according to the Official exchange rate of NBRM at the date of transaction.

Foreign exchange assets and liabilities of the balance sheet are stated in MKD according to the official exchange rates on the balance sheet date.

The Income Statement includes the net foreign exchange gains and losses that resulted from the conversion of the amounts in foreign currency in the period when they occur.

The average (closing) exchange rates of the denar related to the foreign exchange currencies (for one unit of foreign exchange currency) as of 31 December are as follows:

	<b>In MKD</b>	
	<b>2020</b>	<b>2019</b>
EUR	61,6940	61,4856
USD	50,2353	54,9518
CEF	56,8242	56.5593
GBP	68,3136	72.1577

**METAMORPHOSIS FOUNDATION FOR INTERNET AND SOCIETY SKOPJE**

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended 31 December 2020

All amounts are expressed in MKD thousand, unless otherwise stated

**4. GRANTED DONATIONS**

	2020	2019
Revenues from donations	68.740	66.611
<b>Total</b>	<b>68.740</b>	<b>66.611</b>

Breakdown of granted donations by donors:

	2020	2019
Foundation Institute Open Society - Macedonia	4.195	2.851
National Endowment for Democracy	3.380	7.228
British Embassy Skopje	9.696	7.386
EAST-WEST MANAGEMENT INSTITUTE INC	7.939	5.676
Association for progressive communications	-	134
European Commission	21.046	31.572
Association for democratic initiative	179	210
Center for Democratic Transition	235	1.116
Peace Nexus	-	1.685
Nacional Agency	-	960
Techsoup		1.011
Sigrid Rausing Trust- SANTANDER UK PLC LONDON	8.606	6.711
FACEBOOK IRSKA	7.808	-
Why not	1.656	-
COURTERPART INTERNATIONAL	1.214	-
MINISTRY OF FOREIGN AFFAIRS SOFIJA	1.080	-
The Poynter Institute for media studies	885	-
QENDRA FAKTOJE-ALBANIJA	626	-
STICHTING GLOBAL VOICES	137	-
Other donations	58	71
<b>Total</b>	<b>68.740</b>	<b>66.611</b>

**5. SALES**

	2020	2019
Services	1.707	374
<b>Total</b>	<b>1.707</b>	<b>374</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

All amounts are expressed in MKD thousand, unless otherwise stated

**6. FINANCIAL REVENUES**

	<u>2020</u>	<u>2019</u>
Financial revenues	18	600
<b>Total</b>	<b><u>18</u></b>	<b><u>600</u></b>

**7. OPERATING EXPENSES**

	<u>2020</u>	<u>2019</u>
Materials	209	1.186
Electricity, heating, telephone, post, fuel	418	405
Printing and other services	5.536	3.201
Travel expenses and seminars	1.594	3.421
Promotion and representation	99	910
Rent	1.209	1.924
Bank charges	260	225
Insurance	152	74
Per diems and travel costs	-	521
Intellectual and consulting services	11.847	12.860
Foreign exchange losses	774	89
Salaries	20.753	18.309
Donationc	116	
Subgranting	15.146	21.364
Other project related costs	4.307	1.419
<b>Total</b>	<b><u>62.420</u></b>	<b><u>65.908</u></b>

**8. CAPITAL EXPENSES**

	<u>2020</u>	<u>2019</u>
Equipment	3.348	188
<b>Total</b>	<b><u>3.348</u></b>	<b><u>188</u></b>

**METAMORPHOSIS FOUNDATION FOR INTERNET AND SOCIETY SKOPJE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2020**  
**All amounts are expressed in MKD thousand, unless otherwise stated**

**9. INCOME TAX**

	<u>2020</u>	<u>2019</u>
I. Surplus of revenues over expenses	17.732	13.035
II. Expenses not deductible for tax purposes	-	-
III. Tax base	-	-
IV. Deduction of tax base	-	-
V. Tax base after deduction (III-IV)	<u>17.732</u>	<u>13.035</u>
VI. Income Tax (V * 10%)	-	-
VII. Surplus of revenues over expenses after tax (I-VI)	<u>17.732</u>	<u>13.035</u>

**10. PROPERTY, PLANT AND EQUIPMENT**

	Equipment and furniture	Vehicles	Total
<b>Cost</b>			
<b>Balance at 01.01.2019</b>	6.435	2.386	8.821
Additions in the year	188	-	188
Accounting corrections	72	26	98
<b>Balance at 31.12.2019</b>	<u>6.695</u>	<u>2.412</u>	<u>9.107</u>
Additions in the year	1.064	2.163	3.227
Revaluation	7	-	7
<b>Balance at 31.12.2020</b>	<u>7.766</u>	<u>4.575</u>	<u>12.341</u>
<b>Valuation allowance</b>			
<b>Balance at 01.01.2019</b>	5.609	2.089	7.698
Current depreciation	321	18	339
Revaluation of depreciation	62	26	88
<b>Balance at 31.12.2019</b>	<u>5.992</u>	<u>2.133</u>	<u>8.125</u>
Current depreciation	439	86	525
<b>Balance at 31.12.2020</b>	<u>6.431</u>	<u>2.219</u>	<u>8.650</u>
<b>Net book value as of:</b>			
- 31 December 2020	1.335	2.356	3.691
- 31 December 2019	703	279	982

**METAMORPHOSIS FOUNDATION FOR INTERNET AND SOCIETY SKOPJE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2020**  
**All amounts are expressed in MKD thousand, unless otherwise stated**

**11. OTHER CURRENT ASSETS AND PREPAYMENTS**

	<u>2020</u>	<u>2019</u>
Advances for credit card deposit	330	330
Given advances	35	35
Advances to employees	-	404
State receivable for more paid tax	376	376
Other receivables	285	1.973
<b>Balance at 31 December</b>	<b><u>1.026</u></b>	<b><u>3.118</u></b>

**12. CASH AND CASH EQUIVALENTS**

	<u>2020</u>	<u>2019</u>
Current account	2.285	3.865
Cash in hand	13	38
Foreign exchange account	15.410	6.017
<b>Balance at 31 December</b>	<b><u>17.708</u></b>	<b><u>9.920</u></b>

**13. OPERATING FUND**

	<u>2020</u>	<u>2019</u>
Operating fund	3.691	982
<b>Balance at 31 December</b>	<b><u>3.691</u></b>	<b><u>982</u></b>

The changes in the Operating fund are stated in the Statement of changes in the operating funds on page 5.

**14. OTHER SHORT-TERM LIABILITIES AND ACCRUALS**

	<u>2020</u>	<u>2019</u>
Liabilities	827	-
<b>Balance at 31 December</b>	<b><u>827</u></b>	<b><u>3</u></b>

**METAMORPHOSIS FOUNDATION FOR INTERNET AND SOCIETY SKOPJE**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended 31 December 2020

All amounts are expressed in MKD thousand, unless otherwise stated

**15. OTHER SHORT-TERM LIABILITIES AND ACCRUALS**

	<u>2020</u>	<u>2019</u>
Visa card	175	-
Liabilities for tax	<u>-</u>	<u>3</u>
<b>Balance at 31 December</b>	<b><u><u>175</u></u></b>	<b><u><u>3</u></u></b>

**16. OFF-BALANCE RECORDS**

As of 31 December 2020 the Organization has no off-balance sheet exposure.

**17. SUBSEQUENT EVENETS**

There are no material subsequent events that would have an impact on understanding of financial statements.