

HOPS – Healthy Options Project
Skopje

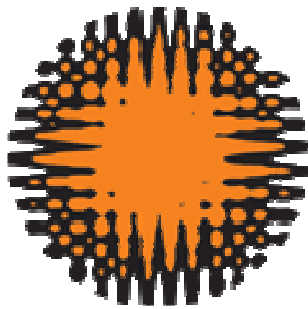
FINANCIAL STATEMENTS
for the year that ended on 31 december 2015
with

INDEPENDENT AUDITOR'S REPORT

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GENERAL DATA



HOPS
HEALTHY OPTIONS PROJECT SKOPJE

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www.hops.org.mk

Executive director:

Hristijan Jankuloski

Bank:

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REPORT OF THE INDEPENDENT AUDITORS

To the Assembly of HOPS – Healthy Options Project - SKOPJE

Report on financial statements

We have audited the attached financial statements of the **HOPS – Healthy Options Project** – Skopje (Hereinafter: HOPS – Skopje), which include the Balance Sheet as of 31 December 2015, 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

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of accounting policies used and the rationality of accounting 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 HOPS - Healthy options project - Skopje as of 31 December 2015, 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

HOPS - Healthy options project - Skopje has signed contracts with more donors. A list of Donors according to signed Contracts for financing of Projects is attached to the report. The obligations of fund user are specified in the signed Contracts.

Opinion

In our opinion, the HOPS - Healthy options project - Skopje used granted funds in compliance with articles in signed contracts.

Skopje,

Certified Auditor

Stojan Jordanov

Audit firm

RSM MACEDONIA Skopje

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PROFIT AND LOSS STATEMENT

<i>(во илјади денари)</i>	Белешка	Година завршена на 31-дек	
		2015	2014
ПРИХОДИ			
Приходи од донации	4	41,850	29,496
Приходи од услуги	4	3	220
Камати и курсни разлики	4	-	3
Други приходи	4	15	636
Пренесен дел од вишокот на приходите од претходната година	4	-	-
ВКУПНО ПРИХОДИ		41,868	30,355
РАСХОДИ			
Програмски расходи	5	(33,998)	(30,355)
ВКУПНО РАСХОДИ		(33,998)	(30,355)
Остварен вишок на приходи / (Непокриени расходи)		7,870	-
Данок на непризнаени расходи		(68)	
Остварен вишок на приходи по оданочување / (Непокриени расходи по оданочување)		7,802	-

Skopje, 15.02.2016

 Hristijan Jankuloski
 Executive director

BALANCE SHEET

<i>(in thousand denars)</i>	Note	Year ended on 31 Dec	
		2015	2014
ASSETS			
<u>Long-term assets</u>		4,560	4,923
Tangible assets	6	4,546	4,873
Intangible assets		14	50
<u>Current assets</u>		7,802	10,462
Inventories		-	-
Receivables	7	216	88
Short-term financial receivables	8	25	2
Cash	9	7,561	10,372
<u>Prepaid expenses</u>		-	-
Prepaid expenses		-	-
TOTAL ASSETS		12,362	15,385
FUNDS AND LIABILITIES			
<u>Funds and reserve</u>		4,560	4,923
Business fund	10	3,345	3,708
Revaluation reserves	10	1,215	1,215
<u>Current liabilities</u>		-	10,462
Accounts payable		-	-
Other taxes and contributions		-	-
Liabilities from received donations in cash from international organizations		-	10,462
<u>ACCRUALS</u>		7,802	-
Transfer of surplus of revenues for the next year	10	-	-
Accrued income		7,802	-
TOTAL FUNDS AND LIABILITIES		12,362	15,385

Skopje, 15.02.2016

Hristijan Jankuloski
Executive director

NOTES TO THE FINANCIAL STATEMENTS

1. General information on HOPS – Healthy Options Project Skopje

HOPS – Healthy Options Project Skopje is a civil society organization that has actively implemented its programs and activities in Skopje and other cities in Republic of Macedonia, since 1997. In 1997 it introduced the first needle exchange program for prevention of HIV/AIDS among drug users and their families in R. Macedonia and three year later, in 2000, it began implementing the first program for support of sex workers in Skopje.

Since then, it has successfully developed and implemented programs for reduction of drug related harm, prevention of HIV/AIDS and other sexually transmitted and blood-borne infections, as well as programs for social inclusion of vulnerable and marginalized communities in the country.

Healthy Options Project Skopje (HOPS) is the recipient of the 2010 International Award for Action on HIV/AIDS and Human Rights awarded by the Canadian HIV/AIDS Legal Network – www.aidslaw.ca and Human Rights Watch – www.hrw.org.

In its actions, HOPS primarily conducts its activities in order to improve the status of drug users and sex workers, as well as all other marginalized groups in the society and in this context they all are direct users or target groups in the operations of the organization.

On the other hand, HOPS also provides support for forming and operating of other civic associations in Skopje and throughout Macedonia, which have similar mission as HOPS and which have potential to work with similar target groups. HOPS acts as a mentor and helper in the functioning of these associations and in their better approach to users.

In its efforts for advocacy, creation, modification and adoption of policies in favor of drug users and sex workers as well as other marginalized groups, HOPS cooperates with public institutions - policymakers (for example, Ministry of Health, Ministry of Labor and Social Policy), donors and international organizations that are present in Macedonia and work in the same field.

The number of employees as of 31.12.2015 is 1.

Current statement of the entity from the register of chambers

Unique ID of the entity	5290350
Full name of the entity	HOPS – Healthy Options Project Skopje
Headquarters	Str.Hristo Smirnenski br. 48-1/6, 1000 Skopje
Established on	26.01.1999
Unique tax number	4030999365052

2. BASES FOR PREPARATION OF FINANCIAL STATEMENTS

HOPS - Skopje prepares its financial statements in compliance with the Law on Accounting for Non-profit 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.

Financial statements are prepared with assumption for going concern, i.e. HOPS - Skopje has no intention and no reason to discontinue the operation in a near future.

Financial statements are presented in thousands denars, unless it is otherwise stated.

3. BASIC ACCOUNTING POLICIES

The fundamental accounting policies that have been applied in the preparation of the Financial Statements for year 2015 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)

	2015	2014
Revenues	41,868	30,355
REVENUES FROM SALES OF PRODUCTS, GOODS AND SERVICES	3	220
Revenues from services	3	220
REVENUES FROM INTEREST AND POSITIVE EXCHANGE RATES	-	3
Revenues from interest on bank deposits	-	3
REVENUES FROM MEMBERSHIP FEES, GIFTS, DONATIONS AND REVENUES FROM OTHER SOURCES	41,850	29,496
Revenues from membership fees, gifts and donations	41,850	29,496
EXTRAORDINARY REVENUES	15	636
Extraordinary unusual revenues	15	636

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

The association is realizing revenues from services in 2015 in amount of 699 thousands denars through cooperation with other associations on workshops, seminars, trainings, preparation of reports etc.

A list of donors as well as the amounts of funds transferred by donors according to the signed agreements is visible in the table below.

(in thousand denars)

Received funds by donors	2015	2014
First children's embassy Megjashi	5	3
City of Skopje	1,467	1,800
Foundation Open Society Institute	10,414	8,655
Alkaloid	74	-
Ministry of health - Global Fund	19,027	18,576
European Commission	112	68
International Women's Rights Action Watch Asia Pacific	106	213
SWAN Foundation	137	-
Other	46	181
TOTAL RECEIVED FUNDS	31,388	29,496
Transferred funds from previous year	10,462	4,246
Transferred funds to next year	(7,802)	(10,462)
TOTAL INCOME	34,048	23,280

NOTE 5

	<i>(in thousand denars)</i>	
	2015	2014
Expenses	(33,998)	(30,355)
OPERATING EXPENSES, SERVICES AND DEPRECIATION	(9,784)	(8,926)
Supplies	(2,828)	(3,434)
Spent energy	(593)	(549)
Maintenance of assets	-	-
Other services	(2,005)	(1,222)
Transport services	(612)	(628)
Advertising, propaganda and representation	(646)	(96)
Depreciation	(203)	(254)
Rents and utilities	(1,335)	(1,432)
Other material expenses	(1,562)	(1,311)
OTHER EXPENSES	(23,163)	(20,888)
Bank fee	(237)	(106)
Insurance premium	(99)	(544)
Business trips and travel expenses	(112)	(501)
Negative currency adjustment costs	(3)	(29)
Membership fees	(5)	(4)
Intellectual and other services	(1,229)	(954)
Other expenses	(21,478)	(18,750)
SPECIAL PURPOSE ASSETS	-	(9)
Expenses for international cooperation	-	(9)
ASSISTANCE, DONATIONS AND OTHER PAYMENTS	(43)	(55)
Other assistance and payments	(43)	(55)
SALARIES AND CONTRIBUTIONS	(594)	(282)
Salaries	(594)	(282)
TAXES AND CONTRIBUTION THAT DO NOT DEPEND ON RESULT	(227)	(195)
Taxes and contribution that do not depend on result	(227)	(195)
ADDITIONAL EXPENSES	(187)	-
Additional expenses	(187)	-

Costs distribution under separate items is in accordance with laws and regulations, specifying accounts for nonprofit organizations.

NOTE 6*(in thousand denars)***Tangible assets**

	012	013	016	
2014	Building structures	Equipment	Transport vehicles	Total
Cost				
Balance January 1	3,933	5,862	3,011	12,806
Additions	-	245	-	245
Disposals	-	(1,212)	-	(1,212)
Balance December 31	3,933	4,895	3,011	11,839
Accumulated depreciation				
Balance January 1	(282)	(4,739)	(2,452)	(7,473)
Depreciation for the year	(40)	(380)	(149)	(569)
Disposals	-	1,076	-	1,076
Balance December 31	(322)	(4,043)	(2,601)	(6,966)
Net book value December 31	3,611	852	410	4,873

	Building structures	Equipment	Transport vehicles	Вкупно
2015				
Cost				
Balance January 1	3,933	4,895	3,011	11,839
Additions	-	203	-	203
Disposals	-	(250)	-	(250)
Balance December 31	3,933	4,848	3,011	11,792
Accumulated depreciation				
Balance January 1	(322)	(4,043)	(2,601)	(6,966)
Depreciation for the year	(39)	(338)	(153)	(530)
Disposals	-	250	-	250
Balance December 31	(361)	(4,131)	(2,754)	(7,246)
Net book value December 31	3,572	717	257	4,546

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 imposed rates of depreciation for different tangible assets.

NOTE 7

	<i>(in thousand denars)</i>	
	2015	2014
Monetary assets	7,561	10,372
Cash in bank	7,294	10,370
Cash on hand	50	2
Foreign currency account	217	-

The monetary assets at the end of year 2015 stand in the amount of 7.561 thousand denars and are a sum of the assets on the gyro accounts of the association and petty cash.

NOTE 8

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

<i>(in thousand denars)</i>	Business fund	Revaluation reserves	Accumulated surplus of revenues	Total
Balance at 01.01.2014	4,055	1,341	-	5,396
Income for the year			30,355	30,355
Expenses for the year			(30,355)	(30,355)
Tax on unrecognized costs			-	-
Increase of tangible assets / (capital expenditures - business premises)	254			254
Depreciation	(591)		-	(591)
Write-off of tangible assets	(136)		-	(136)
Reclassification	126	(126)		-
Balance at 31.12.2014	3,708	1,215	-	4,923
Balance at 01.01.2015	3,708	1,215	-	4,923
Income for the year			41,868	41,868
Expenses for the year			(33,998)	(33,998)
Tax on unrecognized costs			(68)	(68)
Increase of tangible assets / (capital expenditures - business premises)	203		-	203
Depreciation	(566)	-	-	(566)
Write-off of tangible assets	-		-	-
Balance at 31.12.2015	3,345	1,215	7,802	12,362