

HOPS – Healthy Options Project Skopje

FINANCIAL STATEMENTS

for the year ended on 31 December 2019
with

INDEPENDENT AUDITOR'S REPORT

TABLE OF CONTENTS

GENERAL DATA	3
REPORT OF THE INDEPENDENT AUDITORS	4
PROFIT AND LOSS STATEMENT	6
BALANCE SHEET	7
NOTES TO THE FINANCIAL STATEMENTS.....	8

GENERAL DATA



HOPS
HEALTHY OPTIONS PROJECT SKOPJE

*Str. Hristo Smirnenski br. 48-1/6
1000 Skopje, Republic of North Macedonia*

www.hops.org.mk

Acting director:

Hajdi Sherjova Simonovikj

Bank:

Halk bank AD Skopje

REPORT OF THE INDEPENDENT AUDITORS

To 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 2019, 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 Standards on Auditing applicable in the Republic of North Macedonia. 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 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 2019, and its financial performance for the year then ended, in accordance with the Law on Accounting for Non-profit Organizations.

Skopje, 28.05.2020

Certified Auditor

Ljubica Evtimovska Kostovska



Audit Company

RSM MAKEDONIJA DOOEL Skopje



RSM
Друштво за ревизија РСМ
МАКЕДОНИЈА ДООЕЛ Скопје

PROFIT AND LOSS STATEMENT

<i>(in thousand denars)</i>	Note	Year ended 31 Dec	
		2019	2018
INCOME			
Income from donors	4	24.782	23.141
Other income	4	-	2
TOTAL INCOME		24.782	23.143
Transferred surplus income from previous year	4	7.589	6.976
EXPENSES			
Operating expenditures	5	25.846	22.516
TOTAL EXPENSES		25.846	22.516
Income surplus before tax/ (uncovered expenses before tax)		6.525	7.603
Tax on unrecognized costs		-	(14)
Income surplus / (uncovered expenses)		6.525	7.589

Skopje, 27.02.2020

Hajdi Sherjova Simonovikj

Acting director

BALANCE SHEET

<i>(in thousand denars)</i>	Note	Year ended on 31 Dec	
		2019	2018
ASSETS			
<u>Long-term assets</u>		3.615	3.568
Tangible assets	6	3.615	3.568
<u>Current assets</u>		6.673	7.771
Receivables for advance payments		145	141
Receivables for more paid profit tax		11	10
Cash	7	6.517	7.620
TOTAL ASSETS		10.288	11.339
FUNDS AND LIABILITIES			
<u>Funds and reserve</u>		3.615	3.568
Business fund	8	2.439	2.392
Revaluation reserves	8	1.176	1.176
<u>Current liabilities</u>		24	-
Accounts payable		24	-
<u>ACCRUALS</u>		6.649	7.771
Transfer of surplus of revenues for the next year	8	6.525	7.589
Accrued income		124	182
TOTAL FUNDS AND LIABILITIES		10.288	11.339

Skopje, 27.02.2020

Hajdi Sherjova Simonovikj

Acting 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 North 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. N. 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.

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 – Healthy Options Project Skopje prepares its financial statements in accordance with law regulations that are applicable in the Republic of North Macedonia, and refer to the activities of non-profit organizations, primarily Law on Accounting for Non-Profit Organizations (“Official Gazette of RNM” no. 24/03, 17/11 and 154/15) and Rulebook on Accounting for Non-Profit Organizations (“Official Gazette of RNM” no.42/03, 08/09, 12/09 and 175/11), and the specific by-law regulations adopted on basis of the Law on 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 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 – Healthy Options Project Skopje has no intention and no reason to discontinue the operation in a near future.

Financial statements are presented in thousands MKD, 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 2019 are presented below.

3.1 Revenue and expense recognition policy

Revenue and expense recognition is performed according to the article 13 from the Law on Accounting for Non-Profit Organizations, i.e. in accordance with the accounting principle for modified occurrence of business changes, i.e. transactions.

Accounting principle for modified occurrence of business changes, i.e. transactions means recognition of revenues in the accounting period when they occurred, 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 generated in the accounting period or within a period of 30 days upon expiry of the accounting period, provided that the revenues refer to the accounting period and serve to cover the liabilities of that accounting period.

Accounting principle for modified occurrence of business changes, i.e. transactions, means recognition of expenses in the accounting period in which they occurred or in a period of 30 days upon expiry of the accounting period, provided that the payment liability has occurred within that accounting period.

Inventory items are recognized as expenses at purchasing value. The purchasing value is consisted of net purchasing price, increased by the import customs, Value Added Tax, transportation costs and all other expenditures that are directly attributed to the purchasing value, i.e. purchasing expenses, decreased for the discounts and commissions.

3.2 Long-term assets

Long-term assets are presented at purchase value. Purchase value of long-term assets is consisted of the net purchase price increased by the import duties, Value Added Tax, transportation costs and all other expenditures that are directly attributable to the purchasing value, i.e. purchase costs.

Long-term assets with separate value at the time of purchase less than 300 EUR in MKD counter-value, shall be classified as small inventory that will be written-off as one-time charge regardless of their useful life.

Decpeciation

The depreciation is calculated separately for each asset within the groups prescribed in the Rulebook on Accounting for Non-Profit Organizations until the value of the long-term assets has been fully compensated. When the value, which represents the basis for calculation of the depreciation, has been compensated, i.e, when the amount of purchase value of the assets is equal to the written-off value, further calculation of depreciation ceases. This also applies if the assets are being further used for operational activities.

Long-term assets' value write-off is performed by using straight-line depreciation method by applying annual rates prescribed by the Minister of Finance in the Rulebook on Accounting for Non-Profit Organizations. The annual rates for depreciation applied on some significant items, are presented below:

Building structures - buildings	1%
Equipment	14% to 20%
Computers	20%
Furniture	10% to 20%

The basis for long-term assets' write-off is the purchase value, i.e. the revaluated value of long-term assets.

The calculation of depreciation of tangible assets begins on the first day of the next month when those assets were put into usage for operational activities.

Revaluation

HOPS – Healthy Options Project Skopje calculates revaluation of long-term assets, in accordance with Article 15 of the Law on Accounting for Non-Profit Organizations and Articles 29 and 29-a of the Rulebook on Accounting for Non-Profit Organizations. In accordance with the previously mentioned legislation, calculation of revaluation is carried out in the following cases:

- Retirement and disposal of assets, or
- Revaluation in line with the increase of prices by manufacturers of industrial products.

The basis for revaluation of long-term assets is the cost of assets and their accumulated depreciation.

The revaluation of the long-term assets shall be carried out by applying the rate of increase of prices by the manufacturers of industrial products, published by the State Statistical Office.

The revaluation shall be carried out by reconciliation of the balances of the long-term assets with the performed valuation by the end of the month when the assets are retired from use, or disposed.

The revaluation of the long-term assets shall be carried out by multiplying the balances of the long-term assets from the preceding year with the index of the cumulative price increase of industry products from the start until the end of accounting period, while for the long-term assets which were purchased during the accounting period, their balance is multiplied with the index of the cumulative price increase of industry products from the first day in the month subsequent to the month of the purchase until the end of the accounting period.

The result of the revaluation of long-term assets shall be carried forward as credit or debit to the sources of financing.

3.3. Receivables and liabilities

The balances of receivables and liabilities are recognized in accordance with the amounts agreed in the contract.

3.4 Cash

Cash consists of cash at hand, cash deposits in a bank and cash deposits in bank in foreign currency accounts. The cash at hand and the cash deposits in a bank shall be presented in the general ledger at a nominal value, while the foreign currency shall be presented using the exchange rate of the National Bank of the Republic of North Macedonia on the balance sheet date.

NOTE 4

(in thousand denars)

	2019	2018
Revenues	32.371	30.119
REVENUES FROM MEMBERSHIP FEES, GIFTS, DONATIONS AND REVENUES FROM OTHER SOURCES	24.782	23.141
Revenues from membership fees, gifts and donations	24.782	23.141
OTHER REVENUES	-	2
Other revenues	-	2
TRANSFERRED SURPLUS INCOME FROM PREVIOUS YEAR	7.589	6.976
Transferred surplus income from previous year	7.589	6.976

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

The donors with which contracts have been concluded and amounts of transferred assets in this year can be seen in the table below.

(in thousand denars)

Received funds by donors	2019	2018
Ministry of Health	6.314	6.327
Fondation Open Society Macedonia	13.797	11.392
City of Skopje	1.900	1.733
Juventas Podgorica, Crna Gora	-	2.931
Ministry of labor and social policy	300	320
MCIC	906	329
Embassy of Germany	-	353
Association Konekt	-	100
Drug policy Network South East Europe	54	53
AIDS HILFE	29	-
European Commission	50	-
Stronger together	646	-
Open Gate	393	-
UNICEF	189	-
Health and social development Foundation	24	-
HERA	6	-
Other	174	186
Return funds to Ministry of Finance	-	(583)
TOTAL RECEIVED FUNDS	24.782	23.141

NOTE 5

	<i>(in thousand denars)</i>	
	2019	2018
Expenses	25.846	22.516
OPERATING EXPENSES, SERVICES AND DEPRECIATION	4.306	4.323
Supplies	482	556
Spent energy	396	403
Maintenance of assets	117	84
Other services	783	1.036
Transport services	296	319
Advertising, propaganda and representation	131	166
Rents and utilities	1.318	831
Other material expenses	783	928
OTHER EXPENSES	17.356	16.024
Bank fee	65	61
Insurance premium	163	163
Business trips and travel expenses	62	155
Negative currency adjustment costs	10	10
Membership fees	24	9
Intellectual and other services	708	1.145
Other expenses	16.324	14.481
NON-CURRENT AND OTHER ASSETS	171	-
Other capital assets	171	-
ASSISTANCE, DONATIONS AND OTHER PAYMENTS	3.280	2.108
Other assistance and payments	3.280	2.108
SALARIES AND CONTRIBUTIONS	729	-
Salaries	707	-
Contributions	22	-
TAXES AND CONTRIBUTION THAT DO NOT DEPEND ON RESULT	4	60
Taxes and contribution that do not depend on result	4	60
ADDITIONAL EXPENSES	-	1
Additional expenses	-	1

Costs distribution under separate items is a reflection of law regulation, which determines accounts for nonprofit organizations.

NOTE 6

<u>2018</u>	Building structures	Equipment	Transport vehicles	Total
<u>Cost</u>				
Balance January 1	3.933	5.022	3.011	11.966
Additions	-	-	-	-
Revalorisation	55	20	42	117
Disposed / Outlaid assets	-	-	-	-
Balance December 31	3.988	5.042	3.053	12.083
<u>Accumulated depreciation</u>				
Balance January 1	(400)	(4.881)	(2.857)	(8.138)
Depreciation for the year	(40)	(66)	(154)	(260)
Revalorisation	(48)	(27)	(42)	(117)
Disposed / Outlaid assets	-	-	-	-
Balance December 31	(488)	(4.974)	(3.053)	(8.515)
Net book value December 31	3.500	68	-	3.568

<u>2019</u>	Building structures	Equipment	Transport vehicles	Total
<u>Cost</u>				
Balance January 1	3.988	5.042	3.053	12.083
Additions	-	171	-	171
Revalorisation	-	137	-	137
Disposed / Outlaid assets	-	-	(537)	(537)
Balance December 31	3.988	5.350	2.516	11.854
<u>Accumulated depreciation</u>				
Balance January 1	(488)	(4.974)	(3.053)	(8.515)
Depreciation for the year	(99)	(64)	-	(163)
Revalorisation	-	(98)	-	(98)
Disposed / Outlaid assets	-	-	537	537
Balance December 31	(587)	(5.136)	(2.516)	(8.239)
Net book value December 31	3.401	214	-	3.615

NOTE 7

(in thousand denars)

	2019	2018
Monetary assets	6.517	7.620
Cash in bank	5.627	6.788
Cash on hand	23	45
Foreign currency account	867	787

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 01.01.2018	2.559	1.269	6.976	10.804
Income for the year	-	-	23.143	23.143
Expenses for the year	-	-	(22.516)	(22.516)
Tax on unrecognized costs	-	-	(14)	(14)
Depreciation	(260)	-	-	(260)
Revalorisation	93	(93)	-	-
Balance at 31.12.2018	2.392	1.176	7.589	11.157
Balance at 01.01.2019	2.392	1.176	7.589	11.157
Income for the year	-	-	24.782	24.782
Expenses for the year	-	-	(25.846)	(25.846)
Increase of tangible assets / (capital expenditures)	171	-	-	171
Depreciation	(163)	-	-	(163)
Revalorisation	39	-	-	39
Balance at 31.12.2019	2.439	1.176	6.525	10.140