HOPS – Healthy Options Project Skopje

FINANCIAL STATEMENTS

for the year ended on 31 December 2021
with

INDEPENDENT AUDITOR'S REPORT

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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 2021, as well as the Statement on revenues and expenses 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.

RSM MAKEDONIJA DOOEL Skopje is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

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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 2021, and its financial performance for the year then ended, in accordance with the Law on Accounting for Non-profit Organizations.

Skopje, 12.05.2022

Certified Auditor

Ljubica Evtimovska Kostovska

Audit Company

RSM Makedonija DOOEL Skopje

RSM
Друштво за ревизија РСМ МАКЕДОНИЈА ДООЕЛ Скопје

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STATEMENT ON REVENUES AND EXPENSES

(in thousand denars)	Note	Year ended 31 Dec 2021	2020
INCOME			
Income from donors	4	26.532	29.740
Income from sales	4	31	-
Interest and exchange gains	4	-	4
Other income	4	-	14
TOTAL INCOME		**26.563**	**29.758**
Transferred surplus income from previous year	4	5.934	6.525
EXPENSES			
Operating expenses	5	26.889	30.349
TOTAL EXPENSES		**26.889**	**30.349**
Income surplus before tax/ (uncovered expenses before tax)		**5.608**	**5.934**
Tax on unrecognized costs		-	-
Income surplus / (uncovered expenses)		**5.608**	**5.934**

Skopje, 22.02.2022

Hajdi Sherjova Simonovikj

Executive director

BALANCE SHEET

(in thousand denars)	Note	Year ended on 31 Dec 2021	2020
ASSETS			
Long-term assets		**3.981**	**3.550**
Tangible assets	6	3.981	3.550
Intangible assets	6.1	-	-
Current assets		**5.774**	**6.151**
Acccounts receivables	7	-	6
Other recievables	8	133	179
Cash	9	5.641	5.966
Prepaid expenses and undue collection of income	10	-	-
TOTAL ASSETS		**9.755**	**9.701**
FUNDS AND LIABILITIES			
Funds and reserve		**3.981**	**3.550**
Business fund		2.805	2.374
Revaluation reserves		1.176	1.176
Current liabilities		**166**	**217**
Accounts payable	11	166	217
Other liabilities	12	-	-
ACCRUALS	13	**5.608**	**5.934**
TOTAL FUNDS AND LIABILITIES		**9.755**	**9.701**

Skopje, 22.02.2022

Hajdi Sherjova Simonovikj

Executive director

BUSINESS FUND

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

(in thousand denars)	Business fund	Revaluation reserves	Accumulated surplus of revenues	Total
2020				
Balance at 01.01.	**2.439**	**1.176**	**6.525**	**10.140**
Income for the year	-	-	29.758	29.758
Expenses for the year	-	-	(30.349)	(30.349)
Increase of tangible assets / (capital expenditures)	41	-	-	41
Depreciation	(124)	-	-	(124)
Revalorisation	18	-	-	18
Balance at 31.12.	**2.374**	**1.176**	**5.934**	**9.484**
2021				
Balance at 01.01.	**2.374**	**1.176**	**5.934**	**9.484**
Income for the year	-	-	26.563	26.563
Expenses for the year	-	-	(26.889)	(26.889)
Depreciation	(107)	-	-	(107)
Revalorisation	538	-	-	538
Balance at 31.12.	**2.805**	**1.176**	**5.608**	**9.589**

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 presented 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 are presented below. The accounting policies of the HOPS – Healthy Options Project Skopje are being adequately applied from year to year.

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 ocurrence of business changes, i.e. transactions.

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

Revaluation of long-term assets is calculated 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.

3.5 Amounts stated in foreign currency

The transactions in foreign currency are stated in MKD according to the Official exchange rate of NBRSM 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.

Note 4 *(in thousand denars)*

	2021	2020
Revenues	**32.497**	**36.283**
REVENUES FROM MEMBERSHIP FEES, GIFTS, DONATIONS AND REVENUES FROM OTHER SOURCES	**26.532**	**29.740**
Revenues from membership fees, gifts and donations	26.522	29.740
Revenues from other sources	10	-
REVENUES FROM SALES OF PRODUCTS, GOODS AND SERVICES	**31**	**-**
Revenues from services	31	-
REVENUES FROM INTEREST AND POSITIVE EXCHANGE RATES	**-**	**4**
Revenues from positive exchange rates	-	4
OTHER REVENUES	**-**	**14**
Extraordinary unusual revenues	-	14
TRANSFERRED INCOME SURPLUS FROM PREVIOUS YEAR	**5.934**	**6.525**
Transferred income surplus from previous year	5.934	6.525

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	**2021**	**2020**
Foundation Open Society - Macedonia	8.075	14.629
City Skopje	1.560	2.100
Ministry of health	7.229	4.275
Drug Policy Network	38	48
Stronger together	826	1.834
UNICEF	5.155	4.265
Macedonian Center for International Cooperation	294	931
Government of the Republic of North Macedonia	600	940
IDPC	162	-
THE GLOBAL INITIATIVE - VEREIN GEGEN TRANSNATIONALE ORGA	31	-
UNDP	1.240	384
JUVENTAS	274	-
Ministry of culture	61	-
EHRA	846	-
OSCE	90	214
Centar Municipality	30	-
AIDS HILFE	-	29
Open gate Skopje	-	91
Other	11	-
TOTAL RECEIVED FUNDS	**26.522**	**29.740**

Note 5

(in thousand denars)

	2021	2020
Expenses	**26.889**	**30.349**
OPERATING EXPENSES, SERVICES AND DEPRECIATION	**3.345**	**4.456**
Supplies	570	628
Spent energy	334	384
Maintenance of assets	81	141
Other services	932	1.422
Transport services	106	155
Advertising, propaganda and representation	2	84
Depreciation	-	41
Rents and utilities	1.201	1.116
Other material expenses	119	485
OTHER EXPENSES	**20.185**	**22.132**
Bank fee	154	140
Insurance premium	13	70
Business trips and travel expenses	-	7
Allowances for expenses for workers and citizens	-	102
Negative FX	12	3
Membership fees	10	23
Intelectual and other services	782	935
Other expenses	19.214	20.852
ASSISTANCE, DONATIONS AND OTHER PAYMENTS	**1.432**	**2.179**
Other assistance and payments	1.432	2.179
SALARIES AND CONTRIBUTIONS	**1.927**	**1.581**
Salaries	1.927	1.581
TAXES AND CONTRIBUTION THAT DO NOT DEPEND ON RESULT	**-**	**1**
Taxes and contribution that do not depend on result	-	1

Note 6

(in thousand denars)

Tangible assets

2020	Buildings	Equipment	Transport vehicles	Total
Cost				
Balance January 1	3.988	5.350	2.516	11.854
Additions	-	41	-	41
Disposed / Outlaid assets	-	-	-	-
Revalorisation	-	18	-	18
Balance December 31	**3.988**	**5.409**	**2.516**	11.913
Accumulated depreciation				
Balance January 1	(587)	(5.136)	(2.516)	(8.239)
Depreciation for the year	(41)	(83)	-	(124)
Disposed / Outlaid assets	-	-	-	-
Revalorisation	-	-	-	-
Balance December 31	**(628)**	**(5.219)**	**(2.516)**	(8.363)
Net book value December 31	**3.360**	**190**	**-**	**3.550**

2021	Buildings	Equipment	Transport vehicles	Total
Cost				
Balance January 1	3.988	5.409	2.516	11.913
Additions	-	-	-	-
Disposed / Outlaid assets	-	-	-	-
Revalorisation	516	22	-	538
Balance December 31	**4.504**	**5.431**	**2.516**	12.451
Accumulated depreciation				
Balance January 1	(628)	(5.219)	(2.516)	(8.363)
Depreciation for the year	(40)	(67)	-	(107)
Disposed / Outlaid assets	-	-	-	-
Revalorisation	-	-	-	-
Balance December 31	**(668)**	**(5.286)**	**(2.516)**	(8.470)
Net book value December 31	**3.836**	**145**	**-**	**3.981**

Note 6.1

(in thousand denars)

Intangible assets

	2021	2020
Supply values		
Balance January 1	146	-
New supplies	-	146
Disposed assets	-	-
Balance December 31	146	146
Depreciation		
Balance January 1	(146)	-
Current depreciation	-	(146)
Disposed assets	-	-
Balance December 31	(146)	(146)
Current value at 31.12	**-**	**-**

Note 7

(in thousand denars)

	2021	2020
Accounts receivables	**-**	**6**
RECEIVABLES FOR ADVANCE PAYMENTS, DEPOSITS AND BAIL	**-**	**6**
Receivables for advance payments, deposits and bail	-	6

Note 8

(in thousand denars)

	2021	2020
Other receivables	**133**	**179**
OTHER SHORT-TERM RECEIVABLES	**122**	**168**
Receivables from employees	122	168
RECEIVABLES FOR TAXES AND CONTRIBUTIONS	**11**	**11**
Receivables for taxes and contributions on work agreement and author's work	1	1
Receivables for income taxes and contributions	10	10

Note 9

(in thousand denars)

	2021	2020
Monetary assets	**5.641**	**5.966**
Bank account	4.726	5.048
Petty cash	23	23
Foreign exchange accounts	892	895

Note 10

(in thousand denars)

	2021	2020
Prepaid expenses and undue collection of income	**-**	**-**

Note 11

(in thousand denars)

	2021	2020
Accounts payable	**166**	**217**
Accounts payable	16	77
Received advance payments	130	130
Received short-term deposits	20	10

Note 12

(in thousand denars)

	2021	2020
Other liabilities	**-**	**-**

Note 13

(in thousand denars)

	2021	2020
Accruals	**5.608**	**5.934**
Part of the income surplus for transfer in next year	5.608	5.934