

**Citizens' Association H.E.R.A. – Health Education and Research Association - Skopje**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR THAT ENDED ON 31 DECEMBER 2016**

**WITH**

## **INDEPENDENT AUDITOR'S REPORT**

April 2017

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

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## REPORT OF THE INDEPENDENT AUDITORS

### To the Assembly of H.E.R.A. – Health Education and Research Association - Skopje

#### Report on financial statements

We have audited the attached financial statements of H.E.R.A. – Health Education and Research Association – Skopje (Hereinafter: H.E.R.A. – Skopje), which include the Balance Sheet as of 31 December 2016, as well as the Statement of Revenues and Expenses and Statement of Changes in Funds for the year 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 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 H.E.R.A. – Health Education and Research Association - Skopje as of 31 December 2016, and its financial performance for the year then ended, in accordance with the Law on Accounting for Non-profit Organizations.

Skopje, 28.04.2017

Certified Auditor  
Stojan Jordanov



Audit firm RSM MACEDONIA Skopje

Certified Auditor  
Stojan Jordanov



Друштво за ревизија РСМ  
МАКЕДОНИЈА ДООБЛ Скопје

**STATEMENT ON REVENUES AND EXPENSES**

<i>(in thousand denars)</i>	Note	Year ended 31 Dec	
		2016	2015
<b>INCOME</b>			
Income from donors	4	47,163	46,267
Interest and exchange gains	4	65	49
Other income	4	22	82
Profits/losses carried from previous years	4	12,369	9,849
<b>TOTAL INCOME</b>		<b>59,619</b>	<b>56,247</b>
<b>EXPENSES</b>			
Operating expenditures	5	(44,825)	(43,863)
<b>TOTAL EXPENSES</b>		<b>(44,825)</b>	<b>(43,863)</b>
<b>Income surplus before tax/ (uncovered expenses before tax)</b>		<b>14,794</b>	<b>12,384</b>
Tax on unrecognized costs		(15)	(15)
<b>Income surplus / (uncovered expenses)</b>		<b>14,779</b>	<b>12,369</b>

Skopje, 28.02.2017

**Iva Mihajlovska**  
Chairwoman of the Board

Income by categories	Current year						Previous year	
	in '000 MKD			in '000 \$ US			in MKD	in \$ US
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total		
Governmental institutions	-	1,341	1,341	-	23	1,341	1,055	19
Multilateral organizations	-	8,230	8,230	-	141	8,230		-
Foreign governments	-	5,258	5,258	-	90	5,258	4,257	76
Foundations / Trusts / NGOs	4,211	27,615	31,826	72	473	31,826	40,456	718
Private sector	-	130	130	-	2	130	342	6
Membership fees and individual donors	466	-	466	8	-	466	289	5
<b>TOTAL INCOME</b>	<b>4,676</b>	<b>42,574</b>	<b>47,250</b>	<b>80</b>	<b>730</b>	<b>810</b>	<b>46,398</b>	<b>823</b>
<b>In Kind donations</b>	<b>432</b>	<b>-</b>	<b>432</b>	<b>7</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>-</b>
<b>Total Income + In Kind</b>	<b>5,108</b>	<b>42,574</b>	<b>47,682</b>	<b>88</b>	<b>730</b>	<b>818</b>	<b>46,398</b>	<b>823</b>

**Expenses by Strategic Framework**

	Current year						Previous year	
	in '000 MKD			in '000 \$ US			in MKD	in \$ US
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total		
Goal 1 Advocacy	1,361	8,517	9,845	23	146	169	10,107	179
Goal 2 Education and services	480	14,884	9,878	8	255	169	12,855	228
Goal 3 Development and research	-	9,738	15,364	-	167	263	18,680	331
<b>Total goals</b>	<b>1,841</b>	<b>33,139</b>	<b>35,088</b>	<b>32</b>	<b>568</b>	<b>602</b>	<b>41,642</b>	<b>739</b>
Management and Admin (indirect costs)	5,767	4,078	9,738	99	70	167	2,221	39
<b>Grand total</b>	<b>7,608</b>	<b>37,217</b>	<b>44,826</b>	<b>130</b>	<b>638</b>	<b>769</b>	<b>43,863</b>	<b>778</b>

**Expenses by category and strategic framework and categories**

	<b>Current year</b>					<b>Previous year</b>				
	Goal 1 Advocacy	Goal 2 Education and services	Goal 3 Development and research	Total direct costs	Indirect costs (Mgmt and Admin)	Total costs (in '000 MKD)	Total costs (in '000 USD)	Total costs (in '000 MKD)	Total costs (in '000 USD)	
Personnel & Benefits	4,436	365	3,881	8,682	3,230	11,912	204	7295	144	
Professional Fees	5,128	835	4,358	10,320	773	11,093	190	9520	188	
Travel & Per Diem	4,531	824	449	5,803	252	6,055	104	349	7	
Transportation	1,291	157	1,318	2,766	138	2,904	50	2004	40	
Office supplies & Consumables	1,338	114	160	1,612	239	1,850	32	710	14	
Medical /AV supplies & Consumables	220	30	1,880	2,130	-	2,130	37	1901	38	
Communications	471	5	293	768	40	808	14	1366	27	
Occupancy & utilities	605	11	913	1,529	31	1,560	27	1816	36	
Depreciation	-	-	-	-	-	-	-	0	0	
Other Expenses	552	5	814	1,371	5,143	6,514	112	5204	103	
<b>Total (in '000 MKD)</b>	<b>18,571</b>	<b>2,344</b>	<b>14,066</b>	<b>34,980</b>	<b>9,845</b>	<b>44,826</b>		<b>30,165</b>		
<b>Total (in '000 \$ US)</b>	<b>318</b>	<b>40</b>	<b>241</b>	<b>600</b>	<b>169</b>		<b>769</b>		<b>597</b>	



## STATEMENT ON FINANCIAL POSITION

<i>(in thousand denars)</i>	Note	Year ended on 31 Dec	
		2016	2015
<b>ASSETS</b>			
<b><u>Long-term assets</u></b>		<b>2,424</b>	<b>2,353</b>
Tangible assets	6	2,424	2,353
Intangible assets		-	-
<b><u>Current assets</u></b>		<b>20,298</b>	<b>13,399</b>
Inventories		-	-
Receivables	7	5,495	871
Short-term financial receivables	8	94	-
Cash	9	14,709	12,528
<b><u>Prepaid expenses</u></b>		-	-
Prepaid expenses		-	-
<b>TOTAL ASSETS</b>		<b>22,722</b>	<b>15,752</b>
<b>FUNDS AND LIABILITIES</b>			
<b><u>Funds and reserve</u></b>		<b>2,424</b>	<b>2,353</b>
Operating fund		2,424	2,346
Revaluation reserves		-	7
<b><u>Current liabilities</u></b>		<b>24</b>	<b>159</b>
Accounts payable	10	21	146
Other taxes and contributions	11	3	13
Liabilities from received donations in cash from international organizations		-	-
<b><u>Other non-current liabilities</u></b>		<b>20,274</b>	<b>13,240</b>
Deferred consideration	12	20,274 0	13,240
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>22,722</b>	<b>15,752</b>

Skopje, 28.02.2017

**Iva Mihajlovska**  
Chairwoman of the Board

## OPERATING FUND

### Review of movement of operating fund

<i>(in thousand denars)</i>	Operating fund
<b>Balance at 01.01.2015</b>	<b>2,860</b>
Income for the year	
Expenses for the year	
Tax on unrecognized costs	
Increase of tangible assets / (capital expenditures - business premises)	80
Depreciation	(587)
<b>Balance at 31.12.2015</b>	<b>2,353</b>
<b>Balance at 01.01.2016</b>	<b>2,353</b>
Income for the year	
Expenses for the year	
Tax on unrecognized costs	
Increase of tangible assets / (capital expenditures - business premises)	660
Depreciation	(589)
<b>Balance at 31.12.2016</b>	<b>2,424</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. General information on H.E.R.A. - Skopje

H.E.R.A - Health Education and Research Association is an independent, non-governmental Association of citizens established during 2000 according to the Law of Organizations of Citizens and Foundations (Official Gazette of RM no.31,/98). The Association is registered in the register of the Association of Citizens and Foundations with Decision no. 01 / 3G.963 /2000 from 20 January 2000 in the Basic Court Skopje 1 in Skopje.

The Association operates in accordance with the Law of Organization of Citizens and Foundations and a Statute. The main bodies of H.E.R.A. are the Assembly, Executive Committee and Executive office.

The Association is located in Skopje, 56/1-4 Debarca Street.

The Association's mission is inclined towards achieving enjoyment of basic human rights of women, men and the young who must be correctly informed and have appropriate access to high quality confidential services in order to make their informed choice regarding issues such as their sexuality, as well as the prevention, care and treatment of sexually transmittable infections and HIV, including achievement of full protection of the rights of people who live with HIV/AIDS and their close families, contraception, access to safe and legal abortion and exercise of sexual and reproductive rights.

#### Basic entity data

Unique ID of the entity	5380120
Full name of the entity	Citizens' Association H.E.R.A. Association for health education and research Skopje
Headquarters	Debarca 56-1/4 CENTAR – Skopje
Established on	03.06.2007
Unique tax number	4030000377539
Primary activity	88.99 Other social protection activities excluding accommodation, not listed elsewhere

**Projects implemented in 2016**

<b>1</b>	Enhancing national capacities and community interventions on family planning
<b>2</b>	Indirect costs
<b>3</b>	Outreach VCT and SRH services among MARPs and vulnerable groups
<b>4</b>	Youth Friendly services among most at risk
<b>5</b>	Country Coordinating Mechanism
<b>6</b>	TB prevention and screening among Roma using the model of Roma Health Mediator
<b>7</b>	Capacity building of social workers for raising awareness of Tuberculosis
<b>8</b>	Youth volunteers as activist and educators
<b>9</b>	Young people in Macedonia, including people with disabilities have access to CSE
<b>10</b>	Universal Access Beyond the Global Fund – Continuing the Efforts for ALL
<b>11</b>	Defending Right to Choice
<b>12</b>	Campaign to inform and to raise awareness regarding SRHR among girls
<b>13</b>	Counseling centers for prevention of using drugs and domestic violence
<b>14</b>	Strengthening Rule of Law to protect LGBT community
<b>15</b>	Combining legal empowerment and social accountability in advancing Roma health
<b>16</b>	Addressing anti-discrimination and LGBTI rights at Local-Government level
<b>17</b>	My life my body
<b>18</b>	E-campaingning forum
<b>19</b>	Ensuring Sustainability of HIV Programs for Key Affected Groups in SE Europe
<b>20</b>	Integrating SRHR and ICPD within the post-2015 framework and national post-2015
<b>21</b>	Integration of the RHM's programme into national/local planning and budgeting
<b>22</b>	Capacity building for staff working in Vizbegovo Asylum Centre and Safe House
<b>23</b>	New media for new narratives on Roma
<b>24</b>	Building inter-sectorial cooperation and implementation of a Multi-Agency Team
<b>25</b>	Ensuring responsible transition from Global Fund support to sustainable government funding of HIV programs for key populations in Macedonia

## **2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the Association are conducted in accordance with the Accounting Law for Non-Profit Organizations and accounting standards for a 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 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. The accounting policies of the Association are being adequately applied from year to year.

### **3.1 Cash and cash equivalents**

The Association's cash comprises of the cash on hand and the cash on giro 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.

### **3.2. Tangible and intangible assets**

Tangible and intangible assets (fixed assets) are stated at cost. The cost of the fixed assets comprise the purchasing price increased for the import customs, 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 Association increases for the amount of the value of fixed assets purchased.

### **3.3 Depreciation**

Tangible and intangible assets (fixed assets) are depreciated using the straight-line method, by using the official depreciation rates prescribed in the Nomenclature for depreciable assets, so their cost and revaluation 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 Association in 2015 are as follows: 5% for buildings, 10-20% for equipment and vehicle, 12-16% for furniture, 25% for computer equipment and 20% for intangibles.

The Association has adopted the depreciation rates prescribed in the Nomenclature as its own depreciation rates for the purposes of the financial reporting.

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

### **3.4 Inventories**

The inventory of materials at the moment of their purchasing are recognized at cost. The value of the operating fund is increased for the value of inventory purchased. The decrease of the materials is recognized at the moment of their utilization, on the burden of the operating fund.

Small inventory comprises those fixed assets whose value at the moment of the purchase is lower than 300 EUR converted in MKD. Small inventory write-off is performed at the moment of their purchase.

### **3.5 Recognition of the revenues and expenses**

The recognition of the revenues and expenses for non-profit Associations is based upon the accounting principle for modified presentation of the operating transactions.

The accounting principle for modified presentation of the operating transactions means recognition of the revenues and the expenses during the period of their appearance according to the criteria of measurement and disposal. Revenues, i.e. expenses are measurable when they can be stated at value. Revenues, i.e. expenses are on disposal when they are realized, i.e. when they appear (when collected, i.e. paid) during the accounting period or within 30 days after this period, used for covering this period's liabilities, i.e. the payment liability arisen during this 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.

Transactions in US Dollars (breakdown of income, expenses, assets and liabilities)

<b>Currency</b>	<b>2016</b>	<b>2015</b>
USD	58.3258	56.3744

**Note 4**

*(in thousand denars)*

	<b>2016</b>	<b>2015</b>
<b>Revenues</b>	<b>59,619</b>	<b>56,247</b>
<b>REVENUES FROM INTEREST AND POSITIVE EXCHANGE RATES</b>	<b>65</b>	<b>49</b>
Revenues from interest on bank deposits	1	2
Revenues from positive exchange rates	64	47
<b>REVENUES FROM MEMBERSHIP FEES, GIFTS, DONATIONS AND REVENUES FROM OTHER SOURCES</b>	<b>47,163</b>	<b>46,267</b>
Revenues from membership fees, gifts and donations	47,163	46,267
<b>OTHER REVENUES</b>	<b>22</b>	<b>82</b>
Other revenues	22	82
<b>PROFITS/LOSSES FROM PREVIOUS YEARS</b>	<b>12,369</b>	<b>9,849</b>
Profits/losses from previous years	12,369	9,849

**Note 5**

	<i>(in thousand denars)</i>	
	<b>2016</b>	<b>2015</b>
<b>Expenses</b>	<b>(44,825)</b>	<b>(43,863)</b>
<b>OPERATING EXPENSES, SERVICES AND DEPRECIATION</b>	<b>(8,937)</b>	<b>(9,818)</b>
Supplies	(2,441)	(2,062)
Spent energy	(265)	(489)
Maintenance of assets	(405)	(117)
Other services	(664)	(1,203)
Transport services	(1,458)	(1,710)
Advertising, propaganda and representation	(2,091)	(2,636)
Rents and utilities	(1,597)	(1,587)
Other material expenses	(16)	(14)
<b>OTHER EXPENSES</b>	<b>(17,298)</b>	<b>(20,848)</b>
Bank fee	(629)	(809)
Insurance premium	(97)	(147)
Business trips and travel expenses	(1,516)	(1,476)
Allowances for expenses for workers and citizens	(3,093)	(2,719)
Negative currency adjustment costs	(33)	(9)
Membership fees	(7)	-
Intellectual and other services	(11,909)	(15,685)
Other expenses	(14)	(3)
<b>TRANSFERRED ASSETS</b>	<b>(611)</b>	<b>(1,097)</b>
Transferred assets to other subjects	(611)	(1,097)
<b>NON-CURRENT AND OTHER ASSETS</b>	<b>(4,849)</b>	<b>(80)</b>
Business premises	(4,624)	-
Equipment	(225)	(80)
<b>ASSISTANCE, DONATIONS AND OTHER PAYMENTS</b>	<b>(60)</b>	<b>(46)</b>
Assistance, donations and other payments to subjects	(60)	(46)
<b>SALARIES AND CONTRIBUTIONS</b>	<b>(11,863)</b>	<b>(10,498)</b>
Salaries	(11,863)	(10,498)
<b>TAXES AND CONTRIBUTION THAT DO NOT DEPEND ON RESULT</b>	<b>(1,207)</b>	<b>(1,476)</b>
Taxes and contribution that do not depend on result	(1,207)	(1,476)



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

	013	014	015	016	017	
<b>2015</b>	Equipment	Tools, plant and office inventory	Furniture	Transport vehicles	Other (revaluations)	Total
<b>Cost</b>						
Balance January 1	3,411	299	456	3,481	7	7,654
Additions	80	-	-	-	-	80
Disposals	-	-	-	-	-	-
Balance December 31	<b>3,491</b>	<b>299</b>	<b>456</b>	<b>3,481</b>	<b>7</b>	<b>7,734</b>
<b>Accumulated depreciation</b>						
Balance January 1	(1,967)	(174)	(305)	(2,348)	-	(4,794)
Depreciation for the year	(268)	(42)	(21)	(256)	-	(587)
Disposals	-	-	-	-	-	-
Balance December 31	<b>(2,235)</b>	<b>(216)</b>	<b>(326)</b>	<b>(2,604)</b>	<b>-</b>	<b>(5,381)</b>
<b>Net book value December 31</b>	<b>1,256</b>	<b>83</b>	<b>130</b>	<b>877</b>	<b>7</b>	<b>2,353</b>

	Equipment	Tools, plant and office inventory	Furniture	Transport vehicles	Other (revaluations)	Total
<b>2016</b>						
<b>Cost</b>						
Balance January 1	3,491	299	456	3,481	7	7,734
Additions	538	62	60	-	-	660
Disposals	-	-	-	-	-	-
Balance December 31	<b>4,029</b>	<b>361</b>	<b>516</b>	<b>3,481</b>	<b>7</b>	<b>8,394</b>
<b>Accumulated depreciation</b>						
Balance January 1	(2,235)	(216)	(326)	(2,604)	-	(5,381)
Depreciation for the year	(275)	(37)	(20)	(257)	-	(589)
Disposals	-	-	-	-	-	-
Balance December 31	<b>(2,510)</b>	<b>(253)</b>	<b>(346)</b>	<b>(2,861)</b>	<b>-</b>	<b>(5,970)</b>
<b>Net book value December 31</b>	<b>1,519</b>	<b>108</b>	<b>170</b>	<b>620</b>	<b>7</b>	<b>2,424</b>

**Note 7**

	<i>(in thousand denars)</i>	
	<b>2016</b>	<b>2015</b>
<b>Accounts receivables</b>	<b>5,495</b>	<b>871</b>
<b><u>Accounts receivable</u></b>	<b>871</b>	<b>871</b>
Accounts receivable	871	871
<b><u>Outstanding advances</u></b>	<b>4,624</b>	<b>-</b>
Outstanding advances	4,624	-

**Note 8**

	<i>(in thousand denars)</i>	
	<b>2016</b>	<b>2015</b>
<b>Short-term financial receivables</b>	<b>94</b>	<b>-</b>
Short-term financial receivables	94	-

**Note 9**

	<i>(in thousand denars)</i>	
	<b>2016</b>	<b>2015</b>
<b>Monetary assets</b>	<b>14,709</b>	<b>12,528</b>
Cash in bank	14,705	12,385
Foreign currency account	4	143

**Note 10**

	<i>(in thousand denars)</i>	
	<b>2016</b>	<b>2015</b>
<b>Accounts payable</b>	<b>(21)</b>	<b>(146)</b>
Domestic accounts payable	(21)	(146)

**Note 11**

	<i>(in thousand denars)</i>	
	<b>2016</b>	<b>2015</b>
<b>Other current payables</b>	<b>(3)</b>	<b>(13)</b>
Current income tax payables	(3)	(13)

**Note 12**

	<i>(in thousand denars)</i>	
	<b>2016</b>	<b>2015</b>
<b>Deferred consideration</b>	<b>(19,403)</b>	<b>(12,369)</b>
Pre-paid expenses	(4,624)	-
Transfer of surplus of revenues for the next year	(14,779)	(12,369)

**Note 13. Off-balance records**

As of 31 December 2016, the Association has not off-balance sheet exposure.

**Note 14. Subsequent events**

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