

Здружение на граѓани ХЕРА
Асоцијација за здравствена едукација и истражување
Бр. 0203-06/19
22.05. 2019 год.
СКОПЈЕ

Health Education and Research Association HERA Skopje

FINANCIAL STATEMENTS

FOR THE YEAR THAT ENDED ON 31 DECEMBER 2018

WITH

INDEPENDENT AUDITOR'S REPORT

May 2019

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RSM MAKEDONIJA DOOEL Skopje
Dame Gruev 8, 1000 Skopje, R. North Macedonia
T+389 (0)2 3233 301
T+389 (0)2 3233 302
F+389 (0)2 3216 186
www.rsmmk.mk

REPORT OF THE INDEPENDENT AUDITORS

To the Assembly of Health Education and Research Association HERA Skopje

Report on financial statements

We have audited the attached financial statements of Health Education and Research Association HERA Skopje, which include the Balance Sheet as of 31 December 2018, 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 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 Health Education and Research Association HERA Skopje as of 31 December 2018, and its financial performance for the year then ended, in accordance with the Law on Accounting for Non-profit Organizations.

Skopje, 08.05.2019

Certified Auditor

Stojan Jordanov

Audit firm RSM MAKEDONIJA Skopje

Certified Auditor

Stojan Jordanov

Друштво за ревизија РСМ -
МАКЕДОНИЈА ДООБЛ Скопје

STATEMENT ON REVENUES AND EXPENSES

		Year ended 31 Dec	
(in thousand denars)	Note	2018	2017
INCOME			
Income from memberships, gifts and donations	4	37,154	52,341
Self generated income	4	687	108
Interest and exchange gains	4	37	6
Other income	4	19	-
Income from the current period		37,897	52,455
Profits/losses carried from previous years	4	18,816	14,779
TOTAL INCOME		56,713	67,234
EXPENSES			
Operating expenditures	5	44,371	48,395
TOTAL EXPENSES		44,371	48,395
Income surplus before tax/ (uncovered expenses before tax)		12,342	18,839
Tax on unrecognized costs		(38)	(21)
Income surplus / (uncovered expenses)		12,304	18,818

Skopje, 28.02.2019



Iva Mihajlovska
Chairwoman of the Board

Income by categories

Income by categories	Current year						Previous year	
	in '000 MKD		Total	in '000 USD		Total	in '000 MKD	in '000 USD
	Unrestricted	Restricted		Unrestricted	Restricted		Total	Total
Governmental institutions		10,087	10,087	-	188	188	2,525	46
Multilateral organizations		6,774	6,774	-	126	126	18,353	336
Foreign governments		1,220	1,220	-	23	23	8,196	150
Foundations/Trusts/NGOs	6,446	12,333	18,779	120	230	350	22,980	421
Private sector		320	320	-	6	6	206	4
Membership fees	21	-	21	0	-	0	27	-
Individual donors	696	-	696	13	-	13	168	3
Total income	7,163	30,734	37,897	133	572	706	52,455	960
In Kind donations	-	-	-	-	-	-	-	-
Total income + In Kind	7,163	30,734	37,897	133	572	706	52,455	960

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Donor	'000 MKD
International Planned Parenthood federation	6,446
Open Society Fondation Macedonia	9,860
Swiss agency for Development and Cooperation	1,220
Kvina till Kvina	123
Global Fund to fight HIV, tuberculosis and malaria	2,440
City of Skopje	2,368
European Union	/
Komercijalna Banka AD Skopje	180
Ministry of health	7,719
UNWOMEN	2,226
UNICEF	1,075
UNFPA	3,473
BCSDN	5
Photographers without borders	55
IPSOS	44
Income from penalties	36
Membership fees	21
Individual donors	9
Self generated income	686

Expenses by Strategic Framework	Current year						Previous year	
	in '000 MKD			in '000 USD			in '000 MKD	in '000 USD
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Total	Total
Goal 1: Advocacy	-	21,707	21,707	-	404	404	13,318	260
Goal 2: Community strengthening	2,513	9,718	12,231	47	181	228	10,959	214
Goal 3: Education and services	581	3,974	4,555	11	74	85	14,846	290
Goal 4: Sustainability	2,016	1,384	3,400	38	26	63		
Non-current strategic goals (up to 2017)								
Goal 1: Unite and perform							8,932	174
Total	5,110	36,783	41,893	95	685	780	48,055	938

STATEMENT ON FINANCIAL POSITION

		Year ended on 31 Dec	
(in thousand denars)	Note	2018	2017
ASSETS			
<u>Long-term assets</u>		8,434	8,645
Tangible assets	6	8,434	8,645
Intangible assets		-	-
<u>Current assets</u>		13,238	19,732
Inventories		-	-
Receivables	7	913	890
Short-term financial receivables	8	38	8
Cash	9	12,287	18,834
Prepaid expenses		-	-
Prepaid expenses		-	-
TOTAL ASSETS		21,672	28,377
FUNDS AND LIABILITIES			
<u>Funds and reserve</u>		8,434	8,645
Business fund		8,434	8,645
Revaluation reserves		-	-
<u>Current liabilities</u>		63	45
Accounts payable	10	47	35
Other taxes and contributions	11	16	10
Liabilities from received donations in cash from international organizations		-	-
Accruals	12	13,175	19,687
Transfer of surplus of revenues for the next year	12	12,304	18,816
Deffered consideration	12	871	871
TOTAL FUNDS AND LIABILITIES		21,672	28,377

Skopje, 28.02.2019

Iva Mihajlovska

Chairwoman of the Board



OPERATING FUND

Review of movement of business fund, revaluation reserves and accumulated surplus of revenues			
<i>(in thousand denars)</i>	Business fund	Accumulated surplus of revenues	Total
Balance at 01.01.2017	2,424	14,779	17,203
Income for the year		52,455	52,455
Expenses for the year		(46,108)	(46,108)
Tax on unrecognized costs		(21)	(21)
Increase of tangible assets / (capital expenditures - business premises)	6,912	(2,287)	4,625
Depreciation	(691)	-	(691)
Correction	-	-	-
Write-off of tangible assets	-	-	-
Balance at 31.12.2017	8,645	18,818	17,203
Balance at 01.01.2018	8,645	18,818	17,203
Income for the year		37,897	37,897
Expenses for the year		(43,855)	(43,855)
Tax on unrecognized costs		(38)	(38)
Increase of tangible assets / (capital expenditures - business premises)	516	(516)	-
Depreciation	(727)	-	(727)
Correction	-	(2)	-
Write-off of tangible assets	-	-	-
Balance at 31.12.2018	8,434	12,304	27,463

NOTES TO THE FINANCIAL STATEMENTS

1. General information on HERA Skopje

HERA - 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 HERA are the Assembly, Managing Board and Executive office.

The Association is located in Skopje, 51a/26 Franklin Roosevelt Street.

The Association's mission is leading citizens' action and encouraging community change in accomplishing sexual and reproductive rights, and providing improved education and sexual health services, especially for marginalised communities.

Basic entity data

Unique ID of the entity	5380120
Full name of the entity	Citizen's' Association HERA Association for health education and research Skopje
Headquarters	Franklin Roosevelt 51a/26, Karposh – Skopje
Established on	20.01.2000
Unique tax number	4030000377539
Primary activity	88.99 Other social protection activities excluding accommodation, not listed elsewhere

Projects implemented in 2018

	Project name	Donor
1	CSE grant	International Planned Parenthood Federation
2	Maintain high-performing and gender capacitated organization	International Planned Parenthood Federation
3	Keeping SRHR in the focus of the media	International Planned Parenthood Federation
4	Enable young people to access comprehensive sexuality education and realize their sexual rights	International Planned Parenthood Federation
	New media for new narratives on Roma	Open Society Foundation Macedonia
5	Youth friendly services "I want to know"	International Planned Parenthood Federation
6	Addressing anti-discrimination and LGBTI rights at Local-Government level	Ministry of foreign affairs of Netherlands
7	Outreach HIV testing services among LGBT and MSM in Macedonia	ViiV Healthcare UK Limited
8	Institutional Grant Civica Mobilitas	Swiss agency for Development and Cooperation
9	Ensuring responsible transition from Global Fund support to sustainable government funding of HIV programs for key populations in Macedonia	Open Society Foundation Macedonia
10	Improved reproductive health for Roma pregnant women living in Suto Orizari and other vulnerable groups 2017-2018	Open Society Foundation Macedonia
11	Counseling centers for prevention of using drugs and domestic violence	City of Skopje
12	Building inter-sectorial cooperation and implementation of a Multi-Agency Team (MAT) approach to deal on children victims of violence	UNICEF
13	Increased national capacity to formulate and implement rights-based policies on integrated sexual and reproductive health services	UNFPA
14	Hosting Secretariat of Country Coordinating Mechanism to fight HIV and Tuberculosis in Macedonia	Global Fund to fight HIV, tuberculosis and malaria
15	Opening opportunities	European Union
16	HIV Testing and counseling	Ministry of health
17	Youth centers I want to know and mobile gynecology	Ministry of health
18	Photographers without borders	Photographers without borders
19	Technical assistance to Government and CSOs s to address the gaps in provision of services and align to minimum standards set with the Convection on preventing and combating violence against women and domestic violence	United Nations Entity for Gender Equality and the Empowerment of Women

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20	Reframing and mobilisation project grants 2018-2019	International Planned Parenthood Federation
21	Nega +	
22	Benefits from the membership in the EU	Open Society Foundation Macedonia
23	Changing the negative narrative for Roma in the health institutions	Open Society Foundation Macedonia
24	Network strategy for legal empowerment	Open Society Foundation Macedonia
25	CSO- implementation in 4 high schools in Skopje	City of Skopje
26	Roma Women Advocating for Equal Employment Opportunities	Kvinna till Kvinna

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 2016 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.

Note 4

	2018	2017
Revenues	56,713	67,234
REVENUES FROM SALES OF PRODUCTS, GOODS AND SERVICES	687	108
Revenues from services	687	108
REVENUES FROM INTEREST AND POSITIVE EXCHANGE RATES	37	6
Revenues from positive exchange rates	37	6
REVENUES FROM MEMBERSHIP FEES, GIFTS, DONATIONS AND REVENUES FROM OTHER SOURCES	37,154	52,341
Revenues from membership fees, gifts and donations	37,154	52,341
REVENUES FROM RENTS AND LEASES	-	-
SELF-GENERATED REVENUES	-	-
OTHER REVENUES	19	-
Other revenues	19	-
PROFITS/LOSSES FROM PREVIOUS YEARS	18,816	14,779
Profits/losses from previous years	18,816	14,779
EXTRAORDINARY REVENUES	-	-

Note 5

	<i>(in thousand denars)</i>	
	2018	2017
Expenses	44,371	48,395
OPERATING EXPENSES, SERVICES AND DEPRECIATION	9,208	10,561
Supplies	2,603	2,574
Spent energy	255	213
Maintenance of assets	191	478
Other services	3,681	792
Transport services	527	1,183
Advertising, propaganda and representation	438	3,693
Rents and utilities	1,362	1,616
Other material expenses	151	12
OTHER EXPENSES	17,684	19,662
Bank fee	609	632
Insurance premium	-	22
Business trips and travel expenses	1,228	1,538
Allowances for expenses for workers and citizens	3,684	2,323
Negative currency adjustment costs	3	322
Membership fees	-	212
Intellectual and other services	12,154	14,613
Other expenses	6	-
SPECIAL PURPOSE ASSETS	-	-
TRANSFERRED ASSETS	1,582	42
Transferred assets to other subjects	1,582	42
NON-CURRENT AND OTHER ASSETS	516	2,287
Business premises	-	1,978
Equipment	516	309
ASSISTANCE, DONATIONS AND OTHER PAYMENTS	-	12
Assistance, donations and other payments to subjects	-	12
SALARIES AND CONTRIBUTIONS	14,230	14,547
Salaries	14,230	14,547
TAXES AND CONTRIBUTION THAT DO NOT DEPEND ON RESULT	1,151	1,284
Taxes and contribution that do not depend on result	1,151	1,284
ADDITIONAL EXPENSES	-	-

Note 6

Tangible assets

	012	013	014	015	016	017	
	Building structures	Equipment	Tools, plant and office inventory	Furniture	Transport vehicles	Other	Total
2017							
Cost							
Balance January 1	-	4,029	361	516	3,481	7	8,394
Additions	6,601	281	29	-	1	-	6,912
Disposals	-	-	-	-	-	-	-
Balance December 31	6,601	4,310	390	516	3,482	7	15,306
Accumulated depreciation							
Balance January 1	-	(2,510)	(253)	(346)	(2,861)	-	(5,970)
Depreciation for the year	(27)	(336)	(44)	(27)	(257)	-	(691)
Disposals	-	-	-	-	-	-	-
Balance December 31	(27)	(2,846)	(297)	(373)	(3,118)	-	(6,661)
Net book value December 31	6,574	1,464	93	143	364	7	8,645

	Building structures	Equipment	Tools, plant and office inventory	Furniture	Transport vehicles	Other	Total
2018							
Cost							
Balance January 1	6,601	4,310	390	516	3,482	7	15,306
Additions	-	516	-	-	-	-	516
Disposals	-	-	-	-	-	-	-
Balance December 31	6,601	4,826	390	516	3,482	7	15,822
Accumulated depreciation							
Balance January 1	(27)	(2,846)	(297)	(373)	(3,118)	-	(6,661)
Depreciation for the year	(28)	(372)	(43)	(27)	(257)	-	(727)
Disposals	-	-	-	-	-	-	-
Balance December 31	(55)	(3,218)	(340)	(400)	(3,375)	-	(7,388)
Net book value December 31	6,546	1,608	50	116	107	7	8,434

Note 7

	2018	2017
Accounts receivables	913	890
<u>Accounts receivable</u>	<u>894</u>	<u>871</u>
Accounts receivable	894	871
<u>Receivables from advances and deposits</u>	<u>19</u>	<u>19</u>
Receivables from advances and deposits	19	19

Note 8

	2018	2017
Short-term financial receivables	38	8
Short-term financial receivables	38	8

Note 9

	2018	2017
Monetary assets	12,287	18,834
Cash in bank	12,279	18,834
Foreign currency account	8	-

Note 10

	2018	2017
Accounts payable	(47)	(35)
Domestic accounts payable	(47)	(35)

Note 11

	2018	2017
Other current payables	(16)	(10)
Current income tax payables	(16)	(10)

Note 12

	2018	2017
Deferred consideration	(12,304)	(18,816)
Transfer of surplus of revenues for the next year	(12,304)	(18,816)

Note 13. Off-balance records

As of 31 December 2018, 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 the financial statements.