

Health Education and Research Association HERA Skopje

FINANCIAL STATEMENTS

FOR THE YEAR THAT ENDED ON 31 DECEMBER 2019

WITH

INDEPENDENT AUDITOR'S REPORT

June 2020

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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 2019, 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 2019, and its financial performance for the year then ended, in accordance with the Law on Accounting for Non-profit Organizations.

Skopje, 09.06.2020

Audit firm RSM MAKEDONIJA Skopje

Certified Auditor

Stojan Jordanov

Certified Auditor

Stojan Jordanov

STATEMENT ON REVENUES AND EXPENSES

<i>(in thousand denars)</i>	Note	Year ended 31 Dec	
		2019	2018
INCOME			
Income from memberships, gifts and donations	4	44,150	37,154
Self generated income	4	763	687
Interest and exchange gains	4	-	37
Other income	4	523	19
Income from the current period		45,436	37,897
Profits/losses carried from previous years	4	-	18,816
TOTAL INCOME		45,436	56,713
EXPENSES			
Operating expenditures	5	42,223	44,371
TOTAL EXPENSES		42,223	44,371
Income surplus before tax/ (uncovered expenses before tax)		3,213	12,342
Tax on unrecognized costs		-	(38)
Income surplus / (uncovered expenses)		3,213	12,304

Skopje, 13.03.2020

Iva Mihajlovska
 Chairwoman of the Board




Income by categories

Income by categories for 2019	Current year						Previous year	
	in '000 MKD			in '000 USD			in '000 MKD	in '000 USD
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Total	Total
Governmental institutions	-	11,364	11,364	-	207	207	10,087	188
Multilateral organizations	-	15,278	15,278	-	278	278	6,774	126
Foreign governments	-	2,284	2,284	-	42	42	1,220	23
Foundations/Trusts/NGOs	4,739	10,323	15,062	86.25	188	274	18,779	350
Private sector	-	100	100	-	2	2	320	6
Membership fees	35	-	35	0.64	-	1	21	-
Individual donors	791	-	791	14.40	-	14	696	13
income from economic activities	522	-	522	9.50	-	10	-	-
Total income	6,088	39,349	45,436	111	716	827	37,897	706
In Kind donations	-	-	-	-	-	-	-	-
Total income + In Kind	6,088	39,349	45,436	111	716	827	37,897	706

Donor	'000 MKD
City od Skopje	2,619
Ministry of health	7,920
Government of the Republic of North Macedonia	600
Youth and sports Agency	225
UNWOMEN	1,238
UNFPA	6,059
European Commission	7,981
Komercijalna Banka AD Skopje	100
Royal Dutch Embassy	1,383
Bulgarian Embassy	901
Kvinna Till Kvinna	1,591
Alliance of Public Health	974
Open Society Fondation Macedonia	6,234
Association Star-Star Skopje	1,598
IPPF	4,665
Membership fees	35
Individual donors and self generated income	791
income from economic activities	522
Total	45,436

Expenses by Strategic Framework

Expenses by Strategic Framework for 2019	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: Champion rights	12,819	2,746	15,564	233	50	283	21,707	404
Goal 2: Empower communities	8,456	1,077	9,533	154	20	173	12,231	228
Goal 3: Education and services	10,273	-	10,273	187	-	187	4,555	85
Goal 4: Sustainability	-	-	-	-	-	-	3,400	63
Non-current strategic goals								
Goal 1: Unite and perform	3,599	2,674	6,274	65	49	114		
Total	35,146	6,497	41,644	640	118	758	41,893	780

STATEMENT ON FINANCIAL POSITION

<i>(in thousand denars)</i>	Note	Year ended on 31 Dec	
		2019	2018
ASSETS			
Long-term assets		7,953	8,434
Tangible assets	6	7,953	8,434
Intangible assets		-	-
Current assets		16,439	13,238
Inventories		-	-
Receivables	7	890	913
Short-term financial receivables	8	49	38
Cash	9	15,500	12,287
Prepaid expenses		-	-
Prepaid expenses		-	-
TOTAL ASSETS		24,392	21,672
FUNDS AND LIABILITIES			
Funds and reserve		7,953	8,434
Business fund		7,953	8,434
Revaluation reserves		-	-
Current liabilities		-	63
Accounts payable	10	-	47
Other taxes and contributions	11	-	16
Liabilities from received donations in cash from international organizations		-	-
Accruals	12	16,439	13,175
Transfer of surplus of revenues for the next year	12	15,500	12,304
Deffered consideration	12	939	871
TOTAL FUNDS AND LIABILITIES		24,392	21,672

Skopje, 13.03.2020

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 01.01.2018	8,645	18,816	27,461
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	-	-	-
Write-off of tangible assets	-	-	-
Balance at 31.12.2018	8,434	12,304	20,738
Balance at 01.01.2019	8,434	12,304	20,738
Income for the year		45,436	45,436
Expenses for the year		(41,644)	(41,644)
Tax on unrecognized costs		-	-
Increase of tangible assets / (capital expenditures - business premises)	(19)	(579)	(598)
Depreciation	(462)	-	(462)
Correction	-	(17)	-
Write-off of tangible assets	-	-	-
Balance at 31.12.2019	7,953	15,500	23,453

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-1/26 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-1/26, Karposh – Skopje
Established on	20.01.2000
Unique tax number	4030000377539
Primary activity	88.99 Other social protection activities excluding accommodation, not listed elsewhere
Activities in the internal trade	88.10 Activities of social protection without accommodation of the elderly and frail persons

Projects implemented in 2019

1	The parliament and local self-governments moving forward with LGBT rights
2	Outreach HIV testing services among LGBT and MSM in Macedonia
3	Response of the transition from the financial support from the Global fund to sustainability of programs
4	Promotion of reproductive health among Roma Women 2017-2018
5	Technical assistance to the Government and civil society organizations to address shortcomings in service delivery and compliance with minimum standards set by the Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence
6	Opening opportunities
7	Information centers for prevention from drug use and domestic violence 2018-2019
8	Reframing and mobilisation project grants
9	National Coordinating Mechanism for HIV / AIDS and Tuberculosis 2018-2019
10	Economic activity Health + Nursing home care
11	Changing of the negative narrative towards the Roma people in the health care institutions
12	Network strategy for legal strengthening
13	Roma Women Advocating for Equal Employment Opportunities
14	CSE Grant Comprehensive sex education 2019
15	Use of international instruments for UN conventions for agreements and EU progress mechanisms to promote the advocacy of sexual and reproductive health
16	Comprehensive sex education – Make it Real
17	Sustaining high performing and effective management of sexual and reproductive health and rights
18	Switching on creativity to keep focus on Sexual and Reproductive Health and Rights
19	Increased national capacities to formulate and implement rights-based policies to deliver high-quality sexual and reproductive health policies
20	Outreach HIV testing and counseling in crucial populations
21	Youth Centers „I want to know“, Hera and Mobile Gynecological clinic
22	Promotion of Reproductive rights of Roma people in Shuto Orizari
23	Information Center for prevention of drugs and domestic violence
24	Sustaining Roma Health Mediation Program in Macedonia
25	Sustainability of Services for Key Populations in Eastern Europe and Central Asia
26	Sexual Education: I have a right to know
27	YSAFE advocacy capacity building project
28	Refurbishment of HERA clinics - Performance Based Funding 2019
29	Prevention of gender-based violence and discrimination among persons with disability
30	Sex Workers and Healthcare Provider in a Joint Collaborative Action to Provide Comprehensive Stigma
31	Building of capacities for social entrepreneurship of the Agency for promotion of entrepreneurship of the Republic of North Macedonia
32	Assessment of the gender policies of the organization
33	Piloting CSE in the elementary schools – Make it happen!

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.

2. 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 NBRSM 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 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

	2019	2018
Revenues	45,436	56,713
REVENUES FROM SALES OF PRODUCTS, GOODS AND SERVICES	763	687
Revenues from services	763	687
REVENUES FROM INTEREST AND POSITIVE EXCHANGE RATES	-	37
Revenues from positive exchange rates	-	37
REVENUES FROM MEMBERSHIP FEES, GIFTS, DONATIONS AND REVENUES FROM OTHER SOURCES	44,150	37,154
Revenues from membership fees, gifts and donations	44,150	37,154
SELF-GENERATED REVENUES	-	-
Self-gained revenues	-	-
OTHER REVENUES	523	19
Other revenues	523	19
PROFITS/LOSSES FROM PREVIOUS YEARS	-	18,816
Profits/losses from previous years	-	18,816

Note 5

	2019	2018
Expenses	42,223	44,371
OPERATING EXPENSES, SERVICES AND DEPRECIATION	8,403	9,208
Supplies	2,382	2,603
Spent energy	320	255
Maintenance of assets	82	191
Other services	2,822	3,681
Transport services	750	527
Advertising, propaganda and representation	421	438
Rents and utilities	1,402	1,362
Other material expenses	224	151
OTHER EXPENSES	14,451	17,684
Bank fee	187	609
Interest of credits and loans	1	-
Insurance premium	4	-
Business trips and travel expenses	768	1,228
Allowances for expenses for workers and citizens	1,636	3,684
Negative currency adjustment costs	5	3
Intellectual and other services	11,729	12,154
Other expenses	121	6
SPECIAL PURPOSE ASSETS	1,668	-
Expenses for international cooperation	1,668	-
TRANSFERRED ASSETS	3,247	1,582
Transferred assets to other subjects	3,247	1,582
NON-CURRENT AND OTHER ASSETS	579	516
Equipment	443	516
Other capital assets	136	-
SALARIES AND CONTRIBUTIONS	13,760	14,230
Salaries	13,667	14,230
Contributions	93	-
TAXES AND CONTRIBUTION THAT DO NOT DEPEND ON RESULT	115	1,151
Taxes and contribution that do not depend on result	115	1,151
ADDITIONAL EXPENSES	-	-

Note 6

Tangible assets

	010	012	013	014	015	016	017	
2018	Land	Building structures	Equipment	Tools, plant and office inventory	Furniture	Transport vehicles	Other	Total
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

	Land	Building structures	Equipment	Tools, plant and office inventory	Furniture	Transport vehicles	Other	Total
2019								
Cost								
Balance January 1	-	6,601	4,826	390	516	3,482	7	15,822
Additions		-	85	-	50	(154)	-	(19)
Disposals		-	-	-	-	-	-	-
Balance December 31	-	6,601	4,911	390	566	3,328	7	15,803
Accumulated depreciation								
Balance January 1		(55)	(3,218)	(340)	(400)	(3,375)	-	(7,388)
Depreciation for the year		(104)	1,175	(50)	(53)	(1,430)	-	(462)
Disposals		-	-	-	-	-	-	-
Balance December 31		(159)	(2,043)	(390)	(453)	(4,805)	-	(7,850)
Net book value December 31	-	6,442	2,868	-	113	(1,477)	7	7,953

Note 7

	2019	2018
Accounts receivables	890	913
Accounts receivable	890	894
Accounts receivable	890	894
Receivables from advances and deposits	-	19
Receivables from advances and deposits	-	19

Note 8

	2019	2018
Short-term financial receivables	49	38
Short-term financial receivables	49	38

Note 9

	2019	2018
Monetary assets	15,500	12,287
Cash in bank	15,480	12,279
Foreign currency account	20	8

Note 10

	2019	2018
Accounts payable	-	(47)
Domestic accounts payable	-	(47)

Note 11

	2019	2018
Other current payables	-	(16)
Current income tax payables	-	(16)

Note 12

	2019	2018
Deferred consideration	(15,431)	(12,304)
Pre-paid expenses	69	-
Transfer of surplus of revenues for the next year	(15,500)	(12,304)

Note 13. Off-balance records

As of 31 December 2019, 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.