

**Nongovernment organization
ADI Gostivar
FINANCIAL REPORTS
for the year ended December 31, 2019
with**

INDEPENDENT AUDITOR'S REPORT

September 2020

CONTENTS

Independent auditor's report 3

Statement of Revenues and Expenses..... 5

Balance Sheet.....6

Statement of changes in operating fund.....7

Notes to the Financial statements 8



VERIFIKA

Audit, accounting and consulting
St. Frederik Shopen 28-1/1 1000 Skopje
Tel/Fax +389 2 2779 301; +389 76 424 199

To
The Executive director of
**Nongovernment organization Association
for Democratic Initiatives (ADI) Gostivar**

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Nongovernment organization Association for Democratic Initiatives (ADI) Gostivar (in the following text "the Organization"), which comprise the Balance Sheet as of 31 December 2019, the Statement of Revenues and Expenses and statement of Changes in Funds for the year then ended and summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management of the Organization is responsible for the preparation and fair presentation of these financial statements in accordance with the Accounting Law for non-profit Organizations and the standards for reporting under the cash basis of accounting. This responsibility includes: designing, implementing and maintaining internal control that management believes is relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing accepted and published in Official Gazette of Republic of North Macedonia No.79 from 11.06.2010 and Law on Audit of the Republic of Northern Macedonia. Those standards require that we comply with ethical requirements and plan and perform the audit in a way that will allow us to obtain reasonable assurance whether the financial statements are free of material misstatement.

An 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, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant the entity's preparation and fair presentation of the financial statements 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 internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



VERIFIKA

Audit, accounting and consulting
St. Frederik Shopen 28-1/1 1000 Skopje
Tel/Fax +389 2 2779 301; +389 76 424 199

To
The Executive director of
Nongovernment organization Association
for Democratic Initiatives (ADI) Gostivar

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Opinion

In our opinion, the financial statements of the Nongovernment organization Association for Democratic Initiatives (ADI) Gostivar, present fairly in all material aspects, the financial position of the organization for the year ended December 31, 2019 and the results of its operations for the year then ended, in accordance with the Accounting Law for non-profit Organizations and the standards for reporting under the cash basis of accounting.

Skopje, 09.09.2020

Valentina Trpchevska
Certified Auditor

Audit, accounting and consulting
VERIFIKA
Manager
Valentina Trpchevska



Nongovernment organization Association for Democratic Initiatives Gostivar
FINANCIAL STATEMENTS for the year ended 31 December 2019

STATEMENT OF REVENUES AND EXPENSES
For the year ended 31 December 2019

		(in 000 MKD)	
	Notes	2019	2018
REVENUES			
Revenues from donations	4	12.828	10.011
Other revenues	5	-	3
Transferred surplus of revenues		310	1.000
Total revenues		13.138	15.323
EXPENSES			
Operating expenses	6	(1.248)	(2.520)
Other expenses	7	(5.724)	(8.859)
Capital expenditures		-	(168)
Salaries and contributions	8	(3.921)	(3.335)
Taxes and contributions that do not depend on the result	9	(174)	(131)
Total expenses		(11.067)	(15.013)
Surplus of revenues over expenses after taxation	10	2.071	310
Income tax		-	-
Surplus of revenues over expenses after taxation		2.071	310

The accompanying notes form an integral part of these financial statements and signed on its behalf by:

Lulzim Haziri

Executive director



Nongovernment organization Association for Democratic Initiatives Gostivar
FINANCIAL STATEMENTS for the year ended 31 December 2019

BALANCE SHEET
For the year ended 31 December 2019

(in 000 MKD)

	Notes	2019	2018
ASSETS			
Non-Current Assets			
Intangible assets	11	353	465
Property, plant and equipment	11	26	31
		327	434
Current Assets			
Cash and cash equivalents	12	3.071	1.310
Accruals	13	2.071	310
		1.000	1.000
Total assets		3.424	1.775
LIABILITIES AND OPERATING FUND			
Operating Fund			
Operating fund	14	353	465
Current liabilities			
Short term liabilities	15	3.071	1.310
Other short term liabilities, accruals and deferred income	16	1.000	1.000
		2.071	310
Total liabilities and Funds		3.424	1.775

The accompanying notes form an integral part of these financial statements
and signed on its behalf by:

Lulzim Haziri

Executive director



Nongovernment organization Association for Democratic Initiatives Gostivar
FINANCIAL STATEMENTS for the year ended 31 December 2019

Statement of changes in Operating fund
For the year ended 31 December 2019

	Operating Fund	Reserves	Surplus of revenues over expenses	Total
Balance as of 1 January 2019	465	-	310	775
Transferred surplus of over expenses from previous year	-	-	(310)	(310)
Additions	27	-	-	27
Depreciation	(139)	-	-	(139)
Surplus of revenues over expenses	-	-	2.071	2.071
Balance as of 31 December 2019	353	-	2.071	2.424

NOTES TO THE FINANCIAL STATEMENTS

1. ESTABLISHMENT AND ACTIVITIES OF THE ORGANIZATION

Nongovernment organization Association for Democratic Initiatives Gostivar (hereinafter "the Association") was established on 02.10.2000 year. The Organization is registered in Register of associations and unions.

Nongovernment organization, Association for Democratic Initiative Gostivar is an association that advocates the integration of human rights in the political, economic and social development of Southeast Europe, striving to protect human rights, acting in the direction of strengthening civil society, supporting the citizens, refugees, migrants, youth, the media, the authorities, the private sector and other associations through advocacy, participation and education.

The Central Registry of the Republic of North Macedonia Nongovernment organization Association for Democratic Initiatives Gostivar is registered with the following information:

Full name of the Organization: Nongovernment organization Association for Democratic Initiatives Gostivar

Date of establishment: 02.10.2000 year

Seat of the Association: St. Borce Jovanovski no 61 Gostivar

EDB: 40070001190180

CRN: 5460409

Main activity of Association: 94.11 - Activities of business and employer-based membership organizations

Management: Albert Musliu-first executive director and Ljulzim Aziri - executive director

Total number of employees on December 31, 2019 year was 6 (31 December 2018 was 7 employees).

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Association are prepared in accordance with Non-profit Association Accounting Law and accounting standards for financial reporting on a cash basis for presentation of balance sheet items, balances of the assets, liabilities, sources of assets, revenues and expenses and the operating results on true, fair, confidential, complete, punctual basis.

The Association functional currency is the Macedonian denar.

The amounts in statements and the notes are stated in thousands MKD, unless otherwise stated. The financial statements were approved by the management and authorized for issue on 26.02.2020.

3. BASIS ACCOUNTING POLICIES

The principal accounting policies applied in preparing the financial statements for 2019 are listed below this text. The accounting policies of the Association applied from year to year.

3.1 Cash and cash equivalents

The Association's cash comprises of the cash on hand and cash and the cash at bank accounts 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 average rate of NBRM at the reporting date.

3.2 Tangible and intangible assets

Tangible and intangible assets are stated at their cost value. The cost of long-term assets comprise the purchasing price increased for import customs, non-refundable 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.

The revaluation of fixed assets (tangible and intangible assets) is performed because of additional valuation due to the increase of the annual inflation rate, measured with the official industrial product price index. Revaluation basis is the cost of the assets.

Tangible and intangible assets are depreciated using the straight-line method, so their cost or revalued amount 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 is calculated individually for each asset applying annual depreciation rates as follows: 1-2.5% for buildings, 10-20% for equipment and vehicles 12-16% for furniture and 25% for computer equipment.

3.3 Recognition of the revenues and expenses

Revenues and expenses of the non-profit Association s are recognized to the modified accrual basis of accounting.

Revenues i.e. expenses are measurable when they can be stated by their value. Revenues i.e. expenses are available when they are realized or when they appear (paid) in the accounting period or within 30 days after the end of the accounting period, under condition to be related to the and serve for payment of the liabilities for the respective accounting period, if the obligation for payment occurred in that accounting period.

The interest income are recognized according to the time that reflects the effective contributions of funds provided that been collected within 30 days after the accounting period.

3.4. Amounts stated in foreign currencies

The transactions in foreign currency are stated in MKD according to the official exchange rate of the NBRM at the date of the transaction.

Foreign exchange assets and liabilities of the balance sheet are stated in MKD according to the official exchange rate of the NBRM at the date of the balance sheet.

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.

The average (closing) exchange rates of the MKD related to the foreign exchange currencies (one for unit of foreign exchange currency) as of 31 December are as follows:

	2019	2018
EUR	61,4856	61,4950
USD	54,9518	53,6887

4. Revenues from donations

	(in 000 denars)	
	2019	2018
Revenues from donations	12.828	10.011
Total:	12.828	10.011

During the 2019 year revenues from the following donors were realized:

Donators	2019	
1. MCMS Skopje		2.084
2. East-West Management Institute (EWMI)		2.927
3. Ministry of finance - CFCD		3.967
4. Embassy of the Czech Republic in Skopje		1.876
5. Medium-Gostivar		32
6. Florens Najtingejl Kumanovo		9
7. Economic Chamber of Northwest Macedonia Skopje		48
8. Government of the Republic of North Macedonia		600
9. COMMUNAUTES RUE DE LA LOI		1.285
Total:		12.828

5. Other revenues

	(in 000 denars)	
	2019	2018
Other revenues	-	1.000
Вкупно:	-	1.000

6. Operating expenses

	(in 000 denars)	
	2019	2018
Materials	148	63
Energy	94	94
Other services	639	739
Transport	40	43
Beverages, advertising	14	1.027
Procurement of equipment	27	198
Rent	286	316
Other expenses	-	40
Total:	1.248	2.520

7. Other expenses

	(in 000 denars)	
	2019	2018
Bank services	52	30
Daily allowances	303	323
Other expenses	1.408	1.783
Transferred funds	3.961	6.723
Total:	5.724	8.859

Transferred funds during the 2019:

	2019
1 Foundation Metamorphosis Skopje	209
2 Medium-Gostivar	400
3 Association For Development of Young People Kicevo	96
4 Independent Balkan News Agency LTD Skopje	320
5 Koha Production LTD Skopje	320
6 Association I Want To Say Skopje	210
7 Coalition of Citizens' Associations All for a Fair Trial Skopje	2.373
8 ZUK SILINDART Gostivar	18
9 TRD G-TV Television DOOEL	5
10 Television Gura Kicevo	10
Вкупно:	3.961

8. Salaries and contributions

(in 000 denars)

	2019	2018
Salaries	3.921	3.335
Allowances	-	-
Total:	3.921	3.335

The number of employees at 31/12/2019 is 7 people (2018: 7 people).

9. Taxes and contributions that do not depend on the result

(in 000 denars)

	2019	2018
Taxes and contributions that do not depend on the result	174	131
Вкупно:	174	131

10. Income tax

(in 000 denars)

	2019	2018
I. Surplus of revenues over expenses	2.071	310
II. Tax base	-	-
III. Income Tax (II x 10%)	-	-
IV. Surplus of revenues over expenses after tax (I-III)	2.071	310

The income tax rate is 10% of the tax base and is calculated according to the tax statement. The tax base represents expenses which are not recognised in the tax statement according to the Profit tax law. Since the funds that the Association has received as income represent strictly intended project assets, the excess of revenues over expenditures does not represent taxable profit and as such is transferred in the following year.

11. Tangible and intangible assets

(in 000 denars)

	Softver	Equipment	Total
Cost value			
Coast as on 01.01.2019	37	15.230	15.267
Additions	-	27	27
Balance as on 31.12.2019	-	-	-
Depreciation			
Accumulated depreciation as of 01.01.2019	6	14.796	14.802
Depreciation for the year	5	134	139
Decreasing	-	-	-
Balance as on 31.12.2019	11	14.930	14.941
Balance as on 31.12.2019	26	327	353

Management believes that the equipment of the Association on 31/12/2019 year is not damaged

12. Cash and cash equivalents

(in 000 denars)

	2019	2018
Current account	2.071	310
Total:	2.071	310

13. Accruals

(in 000 denars)

	2019	2018
Received loans	1.000	1.000
Вкупно:	1.000	1.000

14. Operating fund

(in 000 denars)

	2019	2018
Operating fund	353	465
Total:	353	465

15. Short term liabilities

(in 000 denars)

	2019	2018
Short term loans	1.000	1.000
Вкупно:	1.000	1.000

16. Other short term liabilities, accruals and deferred

(in 000 denars)

	2019	2018
Other short term liabilities, accruals and deferred	2.071	310
Total:	2.071	310

17. Subsequent events

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

