

**Nongovernment organization  
ADI Gostivar  
FINANCIAL REPORTS  
for the year ended December 31, 2020  
with**

**INDEPENDENT AUDITOR'S REPORT**

**July 2021**

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# VERIFIKA

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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 2020, 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.



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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, 2020 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, 21.07.2021

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 2020**

**STATEMENT OF REVENUES AND EXPENSES**  
**For the year ended 31 December 2020**

		(in 000 MKD)	
	Notes	2020	2019
<b>REVENUES</b>			
Revenues from donations	4	11.877	12.828
Transferred surplus of revenues		2.071	310
<b>Total revenues</b>		<b>13.948</b>	<b>13.138</b>
<b>EXPENSES</b>			
Operating expenses	5	(1.842)	(1.248)
Other expenses	6	(6.592)	(5.724)
Salaries and contributions	7	(3.323)	(3.921)
Taxes and contributions that do not depend on the result	8	(172)	(174)
<b>Total expenses</b>		<b>11.929</b>	<b>(11.067)</b>
<b>Surplus of revenues over expenses after taxation</b>	9	<b>2.019</b>	<b>2.071</b>
Income tax		-	-
<b>Surplus of revenues over expenses after taxation</b>		<b>2.019</b>	<b>2.071</b>

The accompanying notes to the financial statements are an integral part of these financial statements  
The attached financial statements have been approved for issue by the management of the Association on February 22, 2021 and are signed on his behalf by:

Lulzim Haziri

Executive director



**Nongovernment organization Association for Democratic Initiatives Gostivar**  
**FINANCIAL STATEMENTS for the year ended 31 December 2020**

**BALANCE SHEET**  
**For the year ended 31 December 2020**

(in 000 MKD)

	Notes	2020	2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Intangible assets	10	20	26
Property, plant and equipment	10	213	327
<b>Current Assets</b>			
Cash and cash equivalents	11	2.019	2.071
Accruals	12	1.006	1.000
<b>Total assets</b>		<b>3.258</b>	<b>3.424</b>
<b>LIABILITIES AND OPERATING FUND</b>			
<b>Operating Fund</b>			
Operating fund	13	233	353
<b>Current liabilities</b>			
Short term liabilities	14	1.006	1.000
Other short term liabilities, accruals and deferred income	15	2.019	2.071
<b>Total liabilities and Funds</b>		<b>3.258</b>	<b>3.424</b>

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February 22,2021 and are signed on his behalf by:

Luzim Haziri

Executive director



**Nongovernment organization Association for Democratic Initiatives Gostivar**  
**FINANCIAL STATEMENTS for the year ended 31 December 2020**

**Statement of changes in Operating fund**  
**For the year ended 31 December 2020**

	Operating Fund	Reserves	Surplus of revenues over expenses	Total
Balance as of 1 January 2020	353	-	2.071	2.424
Transferred surplus of over expenses from previous year	-	-	(2.071)	(2.071)
Additions	-	-	-	-
Depreciation	(120)	-	-	(120)
Surplus of revenues over expenses	-	-	2.019	2.019
Balance as of 31 December 2020	233	-	2.019	2.252

## **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, 2020 year was 6 (31 December 2019 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 22.02.2021.

### **3. BASIS ACCOUNTING POLICIES**

The principal accounting policies applied in preparing the financial statements for 2020 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 when it is higher than 30%. 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:

	2020	2019
EUR	61,6940	61,4856
USD	50,2353	54,9518

### 4. Revenues from donations

(in 000 denars)

	2020	2019
Revenues from donations	11.877	12.828
<b>Total:</b>	<b>11.877</b>	<b>12.828</b>

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

Donators	2020
1. MCMS Skopje	3.280
2. East-West Management Institute (EWMI)	2.486
3. Ministry of finance - CFCD	5.027
4. OSCE Mission in Skopje	489
5. Embassy of the Czech Republic in Skopje	569
6. Medium-Gostivar	4
7. Government of the Republic of North Macedonia	22
<b>Total:</b>	<b>11.877</b>

### 5. Operating expenses

(in 000 denars)

	2020	2019
Materials	139	148
Energy	78	94
Other services	986	639
Transport	43	40
Beverages, advertising	74	14
Procurement of equipment	-	27
Rent	516	286
Other expenses	6	-
<b>Total:</b>	<b>1.842</b>	<b>1.248</b>

**Nongovernment organization Association for Democratic Initiatives Gostivar**  
**Notes to the FINANCIAL STATEMENTS for the year ended 31 December 2020**

**6. Other expenses**

(in 000 denars)

	2020	2019
Bank services	43	52
Daily allowances	33	303
Other expenses	1.735	1.408
Transferred funds	4.781	3.961
<b>Total:</b>	<b>6.592</b>	<b>5.724</b>

**Transferred funds during the 2020:**

	2020
1 Foundation Metamorphosis Skopje	179
2 Association Initiative for Civil Integration	181
3 Radar	20
4 Koha Production LTD Skopje	235
5 Association I Want To Say Skopje	175
6 Coalition of Citizens' Associations All for a Fair Trial Skopje	1.933
7 Association Hajat	150
8 GIZ Sveti Nikole	133
9 Inova Lab	171
10 NGO Ajde Makedonija Skopje	144
Center for Culture, Communication and Education of Roma	
11 "Svetla Idrina" Kocani.	184
12 Association Dimitar Vlahov Veles	184
13 Association Leghis Skopje	74
14 Union- National Council for Gender Equality Skopje	77
15 HDZ Sveta Majka Tereza	95
16 Association Institute for Green Policy and Development Berovo	87
17 Association Roma Perspective Prilep	114
18 Association LGBT United Tetovo	104
Humanitarian and Charitable Roma Association „Mesecina“ –	
19 Gostivar	123
20 Most dva Skopje	179
21 Medija Plus Fokus Skopje	235
22 Other	3
<b>Total:</b>	<b>4.781</b>

**7. Salaries and contributions**

(in 000 denars)

	2020	2019
Salaries	3.323	3.921
Allowances	-	-
<b>Total:</b>	<b>3.323</b>	<b>3.921</b>

The number of employees at 31/12/2020 is 6 people (2019: 7 people).

**8. Taxes and contributions that do not depend on the result** (in 000 denars)

	2020	2019
Taxes and contributions that do not depend on the result	172	174
<b>Вкупно:</b>	<b>172</b>	<b>174</b>

**9. Income tax** (in 000 denars)

	2020	2019
I. Surplus of revenues over expenses	2.019	2.071
II. Tax base	-	-
III. Income Tax (II x 10%)	-	-
<b>IV. Surplus of revenues over expenses after tax (I-III)</b>	<b>2.019</b>	<b>2.071</b>

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.

**10. Tangible and intangible assets** (in 000 denars)

	Softver	Equipment	Total
<b><u>Cost value</u></b>			
Coast as on 01.01.2020	37	15.257	15.294
Additions	-	-	-
Balance as on 31.12.2020	-	-	-
<b><u>Depreciation</u></b>			
Accumulated depreciation as of 01.01.2020	37	15.257	15.294
Depreciation for the year	11	14.930	14.941
Decreasing	5	115	120
Balance as on 31.12.2020	16	15.045	15.061
<b>Balance as on 31.12.2020</b>	<b>21</b>	<b>212</b>	<b>233</b>

	Softver	Equipment	Total
<b><u>Cost value</u></b>			
Coast as on 01.01.2019	37	15.230	15.267
Additions	-	27	27
Balance as on 31.12.2019	-	-	-
<b><u>Depreciation</u></b>			
Accumulated depreciation as of 01.01.2019	37	15.257	15.294
Depreciation for the year	6	14.796	14.802
Decreasing	5	134	139
Balance as on 31.12.2019	11	14.930	14.941
<b>Balance as on 31.12.2019</b>	<b>26</b>	<b>327</b>	<b>353</b>

Management believes that the equipment of the Association on 31/12/2020 year is not damaged

**Nongovernment organization Association for Democratic Initiatives Gostivar**  
**Notes to the FINANCIAL STATEMENTS for the year ended 31 December 2020**

<b>11. Cash and cash equivalents</b>	<b>(in 000 denars)</b>	
	<b>2020</b>	<b>2019</b>
Current account	2.019	2.071
<b>Total:</b>	<b>2.019</b>	<b>2.071</b>

<b>12. Accruals</b>	<b>(in 000 denars)</b>	
	<b>2020</b>	<b>2019</b>
Received loans	1.006	1.000
<b>Вкупно:</b>	<b>1.006</b>	<b>1.000</b>

<b>13. Operating fund</b>	<b>(in 000 denars)</b>	
	<b>2020</b>	<b>2019</b>
Operating fund	233	353
<b>Total:</b>	<b>233</b>	<b>353</b>

<b>14. Short term liabilities</b>	<b>(in 000 denars)</b>	
	<b>2020</b>	<b>2019</b>
Short term loans	1.006	1.000
<b>Вкупно:</b>	<b>1.006</b>	<b>1.000</b>

<b>15. Other short term liabilities, accruals and deferred</b>	<b>(in 000 denars)</b>	
	<b>2020</b>	<b>2019</b>
Surplus of revenues transferred in the following year	2.019	2.071
<b>Total:</b>	<b>2.019</b>	<b>2.071</b>

**16. Subsequent events**

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

