

Association Initiative for Social Change - InSoC
Skopje

**FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT AUDITORS**

FOR THE YEAR WHAT HAPPENS ON 31.12.2019 YEAR

April 2020

CONTENT

INDEPENDENT AUDITOR'S REPORT	3
Management responsibility for financial statements	3
Responsibility of the auditor	3
Opinion	4
Other questions	4
Report on other legal and regulatory requirements	4
BALANCE OF REVENUE AND EXPENSES	5
BALANCE SHEET	6
NOTES TO THE FINANCIAL STATEMENTS	7
1. GENERAL INFORMATION	7
1.1 Basic information	7
1.2 Leadership	7
2. BASES OF PREPARATION	7
3. BASIC ACCOUNTING POLICIES	8
3.1 Revenue recognition	8
3.2 Recognition of expenses	8
3.3 Capital expenditures	8
3.4 Calculation of foreign funds for payment and accounting treatment of exchange rate differences	8
3.5 Property, plant and equipment	8
3.6 Requirements	9
3.7 Cash and cash equivalents	9
3.8 Liabilities to suppliers and other liabilities	9
3.9 Funds and reserves	9
3.10 Contributions for pension-disability insurance and obligations on the basis of termination of employment	9
4. REVENUES FROM DONATIONS	10
5. OTHER REVENUE	10
6. MATERIAL EXPENSES AND SERVICES	11
7. SALARIES AND ALLOWANCES OF SALARY	11
8. CAPITAL EXPENDITURES	11
9. TRANSFERRED FUNDS TO OTHER ENTITIES	11
10. OTHER EXPENSES	12
11. EQUIPMENT	12
12. CASH	13
13. LIABILITIES TO SUPPLIERS	13
14. EVENTS AFTER THE DATE OF THE BALANCE SHEET	13

To:

The leadership of the Association Initiative for Social Change - InSoC Skopje

Independent auditor's report

We have revised the submitted financial statements of the Association Initiative for Social Change - InSoC Skopje, which include the balance sheet on 31.12.2019 and the income and expenditure balance sheet for the period ending on that day and the overview of significant accounting policies and others. explanatory notes.

Management responsibility for financial statements

Management is responsible for the preparation and objective presentation of these financial statements in accordance with the Law on Accounting of Non-Profit Organizations. This responsibility includes: shaping, implementing and maintaining internal control that is relevant to the preparation and objective presentation of financial statements that are free from material misrepresentation, whether as a result of fraud or error.

Responsibility of the auditor

It is our responsibility to express our views on these financial statements based on our audit. We conducted our audit in accordance with the International Auditing Standards accepted and published in the Official Gazette of the Republic of North Macedonia no.79 of 11 June 2010. These standards require that we comply with ethical requirements and plan and conduct audits to obtain reasonable assurance that financial statements are free from material misstatement.

The audit includes the performance of procedures for obtaining audit evidence on the amounts and disclosures in the financial statements. The procedures chosen depend on the auditor's judgment, including the assessment of the risks of material misrepresentation of the financial statements, whether as a result of fraud or error. When making these risk assessments, the auditor considers internal control relevant to the preparation and objective presentation of the entity's financial statements to shape audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. The audit also includes an assessment of the appropriateness of the accounting

policies used and the reasonableness of the accounting estimates made by management, as well as an assessment 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 in all important aspects give a true and objective picture of the financial situation on 31.12.2019, and revenues and expenditures for the year ending on that day in accordance with the Law on Accounting for Non-Profit Organizations in the Republic of North Macedonia.

Other questions

Comparative information - the corresponding data for the previous period, 2018, have not been revised by us or any other auditor.

Report on other legal and regulatory requirements

Opinion on the compliance of the financial report with the Institutional Grant with the terms of the agreement.

According to the agreement on the institutional grant received by the Macedonian Center for International Cooperation within the Civica Mobilitas project, an obligation has been established for the auditor to express an opinion on the financial report for the same.

In our opinion, the financial report for the Institutional grant implemented by the Association Initiative for Social Change - InSoC Skopje presented in Annex I to the financial statements gives a true and objective picture of costs and revenues for the period 01.07-31.12.2019 and the corresponding costs in the total amount of Denar 633,197 were incurred in accordance with the Legal Regulations in the Republic of North Macedonia and the provisions of the Agreement on Institutional Grant No. 11-185 / 1-2019 dated 05.07.2019. The participation of the Contracting Authority is 100% of the costs.

Skopje, April 23, 2020

For Effect plus Skopje

Authorized auditor who performed audit

Miov Nikolaki




Manager

Kristina Tilic

THE FINANCIAL EXAMS FOR THE YEAR WHICH CONTINUES ON 31.12.2019

Association Initiative for Social Change - InSoC Skopje

BALANCE OF REVENUE (INCOME) AND EXPENSES

		2019	2018
REVENUE (INCOME)		in denars	in denars
		<u>2.553.633</u>	<u>12.705.814</u>
	notes		
Income from donations and other sources	(4)	1.613.537	7.729.856
Other income	(5)	37.372	-
Financial income		-	35.888
Transferred part of excess income		902.724	4.940.070
EXPENSES		<u>-2.497.538</u>	<u>-11.803.090</u>
Material expenses and services	(6)	-296.055	-485.150
Salaries and allowances paid	(7)	-947.287	-1.659.352
Capital expenditures	(8)	-	-22.760
Transferred funds to other entities	(9)	-736.984	-8.181.866
Other expenses	(10)	-517.212	-1.453.962
Outflows above income before income tax		<u>56.095</u>	<u>902.724</u>
Tax on unrecognized expenses		-	-
Net income over expenses		<u>56.095</u>	<u>902.724</u>

The financial statements were approved by the Management Association of date.

Notes are an integral part of financial statements.



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BALANCE SHEET

	notes	2019 in denars	2018 in denars
Non-current assets			
Equipment	(11)	59.201	81.159
current assets		56.266	902,724
Cash	(12)	56.266	902,724
Total funds		<u>115,467</u>	<u>983,883</u>
 CAPITAL AND OBLIGATIONS			
Sources of assets		59.201	81.159
Assets	(11)	59.201	81.159
Current liabilities		171	-
Liabilities to suppliers	(13)	171	-
Part of the excess transfer revenue next year		56,095	902,724
Total sources of funds and liabilities		<u>115,467</u>	<u>983,883</u>

Notes are an integral part of financial statements.



NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 Basic information

Full name of the subject: Association Initiative for social change - InSoC Skopje

Office: Miladin Popovic no. 4/1 Skopje - Karpos, Korpos

EDB: 4080009501892

EMBS: 06468381

Authorized person: Milica Ilieska

Major activity: 94.99 - Activities of other organizations based on membership, elsewhere not mentioned

Organizational form: other social organizations, foundations and association of citizens

Date of establishment: 16.03.2009

1.2 Leadership

According to the Statute, the bodies of the Association are:

- Assembly,
- Chairman
- Executive Board
- Supervisory Board and
- Secretariat

InSoC is working on social change in social structure, organization, institutions, groups and movements, as well as normative changes aimed at building values. The goal of InSoC is for each individual in the society to reach the maximum potential of individual development, and at the same time the society composed of self-realized individuals to function harmoniously and in the direction of sustainable joint development.

In his work, InSoC uses established methods of active citizenship, as well as innovative and modern methods. The basic principle of InSoC's work is to apply the values it promotes:

1. democracy,
2. rule of law,
3. human rights and human capital,
4. respect for human rights-based approach, which implies a direct connection with human rights,
5. responsibility at work,
6. strengthening individuals and groups and their participation,
7. as well as equal opportunities with a special focus on vulnerable groups, especially Roma.

2. BASES OF PREPARATION

The financial statements are prepared in accordance with the Law on Accounting for Non-Profit Organizations and the Rulebook on Accounting for Non-Profit Organizations.

The financial statements are based on the accounting principle of the modified occurrence of business changes or transactions and on the assumption of continuity. The financial statements are prepared in accordance with the adopted accounting policies disclosed in note three.

The functional currency of the Association is the Macedonian denar.

The financial reports are presented in Macedonian denars and are prepared based on the data from the operation for the year which ends on 31.12.2019.

3. BASIC ACCOUNTING POLICIES

The basic accounting policies applied in compiling these financial statements are as follows:

3.1 Revenue recognition

Revenues are recognized according to the accounting principle of modified occurrence of business changes or transactions. Revenues are measurable when they can be expressed in value. Revenues are available when they are realized in the accounting period or within 30 days after the end of the accounting period provided that the revenues refer to the accounting period and serve to cover the liabilities of that accounting period.

Interest income is recognized according to the time which reflects the effective yield on assets.

3.2 Recognition of expenses

The expenses are recognized according to the accounting principle of modified occurrence of business changes or transactions, ie they are recognized in the accounting period in which they occurred or within 30 days after the expiration of the accounting period, provided that the payment obligation occurred during that accounting period.

Interest expenses incurred in connection with the lending of funds or lending by other entities are recognized in the period in which they occur and to which they relate.

Non-profit organizations calculate annual income tax on total income generated by economic activity reduced by 1 million denars, at a rate of 1%.

3.3 Capital expenditures

Capital expenditures are recognized when the acquired assets increase the expected future economic benefit from the intangible assets. Capital expenditures are recorded when fixed assets are procured or they are completed, which adds value to existing fixed assets. They are reported as an asset in the balance and recorded in Funds Association.

3.4 Calculation of foreign funds for payment and accounting treatment of exchange rate differences

Calculation of all receivables and liabilities in foreign funds for payment in their denar counter value, is performed at the middle exchange rate valid on the day of the balance sheet.

The positive and negative exchange rate differences that occurred with the calculation of receivables and liabilities in foreign funds for payment in their denar counter value are expressed in the income statement as income, or expenditures from financing in the year to which they refer.

The value of used foreign currencies on 31/12/2019 is as follows:

Currency	2019 MKD	2018 MKD
1 EUR	61,4856	61,4950

3.5 Property, plant and equipment

An asset is recognized as equipment when it is certain that the entity owns it and that it will benefit from future economic benefits and that the cost of acquiring it can be measured objectively.

The purchase value of a asset consists of the costs for its acquisition, which include:

- invoice value of the asset (reduced for possible discounts and rebates);
- customs duties and taxes on its procurement;
- site preparation costs;
- initial costs related to delivery and handling;
- installation costs and
- reimburse experts related to the asset.

The equipment is currently being valued at a purchase, historical value, reduced for the accumulated depreciation and damage to assets. Current and investment maintenance costs are expressed in terms of administrative and sales costs. In case of spending or alienation of funds, their non-depreciated value is expressed within other expenses. The value of the funds up to 100 euros in denar counter value is recorded as a small inventory.

The calculation of depreciation is according to the straightforward method of write-off according to the prescribed annual depreciation rates for 2019 are the following:

Description	2019	2018
Computers and other equipment	14-20%	14-20%

3.6 Requirements

The claims are recognized according to the calculated amounts in accordance with the legal regulations.

3.7 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, on transaction accounts, the quarterly bank deposits, cash in hand and on accounts in domestic currency are presented in nominal terms, and in foreign currency at exchange of the National Bank of Republic of North Macedonia on the day of balancing.

3.8 Liabilities to suppliers and other liabilities

Liabilities to suppliers and other liabilities are expressed in the amount of nominal amounts arising from business transactions.

3.9 Funds and reserves

The funds are their own permanent sources of funding for the operation of the Association, which covers the initial as well as the additional funds invested. The accumulated profit is expressed separately from the capital and covers all unallocated profits until the day of the balance sheet. The uncovered loss is expressed separately from the capital and covers all uncovered losses until the day of the balance sheet.

3.10 Contributions for pension-disability insurance and obligations on the basis of termination of employment

The Association pays the contributions for pension and disability insurance of the employees in accordance with the domestic legislation. Contributions, based on employees' salaries, are paid into the national fund and through it to private pension funds for individual employees. The association has no additional obligations related to the payment of these contributions.

The association is obliged to pay employees who retire a minimum wage corresponding to two months'

average salary paid in the state at the time of retirement. The association has not made a reservation for this right of employees because it is considered that the amount is insignificant for the financial statements and the probability of their occurrence is currently small.

4. REVENUES FROM DONATIONS

In the current year, the Association has generated revenues based on donations in the amount of 1,613,537 denars. (2018: MKD 7,729,856).

Revenues for 2019 by donors are distributed in the following table:

Donor	MKD
MCIC	724.526
European Union	740.250
OSCE	91.495
AECOM International Development Europe	57.266
Total	1.613.537

InSoC, as a beneficiary of an institutional grant within Civica Mobilitas, during 2019 has achieved an arrival in the total amount of 724,526 denars. The implementation period of the project is from 01.07.2019 to 30.06.2020, and the total amount of the contract is 1,449,053 MKD. The arrival is also the first advance plow after the agreement.

In 2019, InSoC completed the implementation of the project Outside the Circle - Invisible in Society, supported by the European Union. The implementation period of the project is from 01.03.2017 to 28.02.2019, whose main goal is to contribute to strengthening the influence of Roma civil society organizations in the process of removing the obstacles faced by Roma without personal identification documents that will allow them to enjoy their basic human rights as equal citizens in Macedonian society. The inflow on the basis of this project is also the final payment from the donor is 740,250 MKD. InSoC in the period 04.09.2019 - 31.12.2019, implemented the project Strengthening Social Cohesion in the country, with the support of the OSCE, with the main goal of advocating for permanent systemic solutions for inclusion and integration of Roma in society. The inflow on the basis of this project for 2019 is 91,495 MKD.

The inflow from AECOM International Development Europe in 2019 is a final payment, for a project that InSoC implemented in 2018 entitled Thematic evaluation of EU support for the Roma population and Social mapping of Roma in the Republic of North Macedonia.

5. OTHER REVENUE

The amount of other revenues for 2019 of 37,372 denars consists of revenues on the basis of membership fees and revenues from written off liabilities to suppliers (2018: no)

6. MATERIAL EXPENSES AND SERVICES

Description	2019	2018
Consumables	16.681	46.853
Consumed energy	21.900	0
Other services	71.634	134.337
Transportation services, post office, telephone, Internet	551	0
Publications for advertising, propaganda and representation	789	119.460
Rents	184.500	184.500
Total	296.055	485.150

7. SALARIES AND ALLOWANCES OF SALARY

The amount of calculated salaries for 2019 is 947,287 denars (2018: 1,659,352 denars) In the Association, the number of employees on 31.12.2019 is 2 people (2018: 2 people).

8. CAPITAL EXPENDITURES

In 2019, the Association has no capital expenditures (2018: 22,760 denars)

9. TRANSFERRED FUNDS TO OTHER ENTITIES

InSoC in 2019 as part of the program within the project "Outside the circle - Invisible in society", funded by the EU, grants subsidies to several civil society organizations in the total amount of 736,984 denars, in order to financially support civil society organizations (2018: 8,181 .866 denars)

List of CSOs:

CSO	MKD
Lil - Skopje	63.362
Daja - Kumanovo	24.376
Terno vas - Berovo	59.723
Progres - Protection and Education Association	65.850
Organization of women from the municipality of Stip	83.972
Roma Women's and Youth Association - Luludi	85.415
Romska solza - Prilep	86.020
RROMA - Kratovo	91.799
Drom - Kumanovo	99.502
Romalitiko - Institute for Policy Research	76.965
Total	736.984

10. OTHER EXPENSES

Description	2019	2018
Fee - Provision payment	17.794	80.117
Interest on loans and loans	146	0
Per diem travel expenses	15.814	87.137
Intellectual and other services	483.458	1.222.716
Assistance, donations and other donations to entities	0	63.892
Memberships	0	100
Total	517.212	1.453.962

The intellectual and other services include expenses for external audit, accounting services and contractual engagements with natural persons, in order to fulfill the activities of the Association.

11. EQUIPMENT

The initial situation, the changes during 2019 and the situation of non-current assets on 31.12.2019 is as follows:

(denars)		
Description	Computers and other equipment	Total
Purchase value		
Condition with 01.01.2019	213.003	213.003
Increases throughout the year		
Revaluation	213	213
Condition with 31.12.2019	213.216	213.216
Condition with 01.01.2018	190.243	190.243
Increases throughout the year	22.760	22.760
Condition with 31.12.2018	213.003	213.003
Accumulated value correction		
Condition with 01.01.2019	(131.844)	(131.844)
Cost for the year-amort.	(22.018)	(22.018)
Revaluation	(153)	(153)
Condition with 31.12.2019	(154.015)	(154.015)
Condition with 01.01.2018	(106.332)	(106.332)
Cost for the year-amort.	(25.512)	(25.512)
Condition with 31.12.2018	(131.844)	(131.844)
Condition with 31.12.2019	59.201	59.201
Condition with 31.12.2018	81.159	81.159

12. CASH

The amount of cash available to the Association on 31.12.2019 is 56,266 denars (2018: 902,724 denars).

13. LIABILITIES TO SUPPLIERS

The liabilities to suppliers on 31.12.2019 amount to 171 denars (2018: no)

14. EVENTS AFTER THE DATE OF THE BALANCE SHEET

There are no events on the balance sheet date to be disclosed in these financial statements.