

To  
TRIAGOLNIK-Center for non-formal education  
Str.Majakovski no. 2/3  
1000 Skopje

31 January 2015

Dear All,

**Project Financial Statements for the year ended 31 December 2014 with the Independent Auditor's Report**

Please find enclosed the Project Financial Statements for TRIAGOLNIK-Center for non-formal education for the year ended 31 December 2014 with the Independent Auditor's Report

Best regards,

Certified Auditor,  
Zorica Arsovska

REVIZIONS LTD Skopje  
Manager,  
Snezana Ristova-Trifinoska  
Certified Auditor



**Project entitled:**

**“Integrative approach for sustainability and fulfillment of rights for children without parental care”**

**Contribution number 201425**

**PROJECT FINANCIAL STATEMENTS**

For the year ended

31 December 2014

With the Auditor’s Report thereon

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## **Independent Auditor's Report to the Center for non-formal education Triagolnik**

We have audited the accompanying Project financial statements of the Project **"Integrative approach for sustainability and fulfillment of rights for children without parental care"** Contribution number 201425 during the year 2014, based on the Agreement between Adoptionscentrum and Triagolnik, which comprise the Balance Sheet as at 31 December 2014 and the Statement of income and expenditures for the year then ended and a summary of significant accounting policies and other explanatory information.

### *Management's responsibility for the Financial Statements*

The Project's management is responsible for the preparation and fair presentation of these Project financial statements in accordance with the Accounting Law for non-for-profit organizations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Project financial statements that are free from material misstatements, 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 Project financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Project financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Project financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Project financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the Project 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 the entity's internal control.

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

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

*Opinion*

In our opinion, the project financial statements present fairly, in all material respects, the financial position of the Project as at 31 December 2014 and its financial performance for the year then ended in accordance with the Accounting Law for non-for-profit organizations.

This report is intended solely for the use of the management of Center for non-formal education Triagolnik, Republic of Macedonia and Adoptionscentrum, Sweden in relation to the audit of the Project financial statements and should not be used for any other purpose.

Certified Auditor,  
Zorica Arsovska

A handwritten signature in blue ink, appearing to be 'AZI'.

REVIZIONS LTD Skopje  
Manager,  
Snezana Ristova-Trifinoska  
Certified Auditor

A handwritten signature in blue ink, appearing to be 'SR'.

31 January 2015  
Skopje

**Balance Sheet**

For the year ended 31 December 2014

<i>In EUR</i>	<b>Note</b>	<b>As at 31 December 2014</b>
<b>Assets</b>		
Cash and cash equivalents	11	1.508
<b>Total Assets</b>		<b>1.508</b>
<b>Liabilities</b>		
Accrued expenses for audit	12	1.508
<b>Total Liabilities</b>		<b>1.508</b>

The notes set out on pages 8-13 form an integral part of these project financial statements.

The project financial statements set out on pages 6 and 7 were approved by the Organization on 15 January 2015 and signed on its behalf by:

\_\_\_\_\_  
Mr. Zarko Trajkov

**Statement of income and expenditures**

For the year ended 31 December 2014

<i>In EUR</i>	<b>Note</b>	<b>As at 31 December 2014</b>
Income from donations-Adoptionscentrum		45.968
<b>Total income</b>		<b>45.968</b>
Strategic planning for institutions in Macedonia	5	(22.102)
Capacity building Indian partners	6	(14.076)
Local administration	7	(8.282)
Local audit	8	(1.500)
<b>Total expenses</b>		<b>45.960</b>
<b>Income for the period</b>		<b>8</b>
Foreign exchange gain		-
<b>Total finance income</b>		<b>8</b>
<b>Net income for the period</b>		<b>8</b>

The notes set out on pages 8-13 form an integral part of these project financial statements.

## **Notes to the Project Financial Statements**

### **1. General information**

**Centre for non-formal education Triagolnik** is nonprofit organization, which since 2002 works on affirmation and recognition of non-formal education and youth work in R. Macedonia. Triagolnik builds its experience on national and international level through consultancy service and services for development of the capacities of civil society, local authorities, educational and public institutions, in order to integrate non-formal education as complementary to formal and to raise the awareness of different institutions in relation to different issues young people face.

**Adoptionscentrum** is a Swedish non-profit, non-political and non-religious organization, founded in 1969 and working in inter country adoptions, international development cooperation and to safeguard the interests of the child, the adoptive families and the adoptee. More than 23.500 children from over 50 countries have acquired a new family through Adoptionscentrum. This makes Adoptionscentrum one of the largest and most experienced adoption organizations in the world. Adoptionscentrum is currently working with authorities and nongovernmental organizations (NGO's) in over 20 countries.

The Swedish Intercountry Adoptions Authority (MIA) is a government authority under the Ministry of Health and Social Affairs. MIA has given Adoptionscentrum the license to mediate international adoptions. Adoptioncentrum has a role of a project leader and financial supporter.

The Project “**Integrative approach for sustainability and fulfillment of rights for children without parental care**” is designed to provide strategic support to social welfare institutions in the field of child protection in Republic of Macedonia and to share and multiply the positive model of work of Triagolnik which represents high capacity for building partnerships and institutionalization of project interventions with CSOs that have same or similar scope of work and are based in India.

During this first year of implementation of project activities according to providing strategic support to social welfare institutions, the following results are achieved:

- The Institute for social activities has fully functional strategic plan which is highly significant for the plans of the other service providers' institutions in R. Macedonia;
- The Institution got permanent organizational knowledge for quality assurance standards, reporting, planning and the team now has greater ownership as well increased motivation and participation;
- They have significantly changed their perception to genuine understanding of the strategic planning and developing strategy;
- The staff of Institution for infants and small children is highly motivated for the process of strategic planning and is prepared and open for changes in order to transform the institution into respectable child rights institution that provides quality service.

## **Notes to the Project Financial Statements**

According to the essential Grant Agreement between Swedish NGO Adoptionscentrum and the Centre for Non-formal Education Triagolnik signed on March 28, 2014 by both sides, they have agreed on cooperation in the furtherance of project **“Integrative approach for sustainability and fulfillment of rights for children without parental care”** during the year 2014. The project is a part of Adoptionscentrum’s program “All children have a right to a family”. According to the budget activities in year 2014, Adoptionscentrum and Triagolnik have accomplished the scope of the project and there are two-item changes from the original project plan according to the following:

1. In January 2014 it was announced merging of two institutions that are part of this project- Children’s Home “Ranka Milanovik” in Skopje is proposed to function within Children’s Home “25 May” in Skopje, because of financial difficulties and inability for independent functioning. Status of the institution is still on standby, but all planned activities with these institutions (as Baseline) are conducted.
2. Second change is concerning number of realized sessions in the Institute. During the strategic planning with Institute we delivered 6 more sessions for planning and 4 more for management support than originally planned, because of:
  - their weak planning skills
  - understanding of the process
  - as well complexity of the process, which surely for such large institution with large scope of work is very demanding.

This was necessary intervention in order to conduct strategic planning that will be representative and understood by all involved (thus inclusive and sustainable). The prolonged process of strategic planning for the Institute of social activities as governing body of every public service provider in Macedonia, has reflected the late start of the strategic planning of “Majchin Dom”, in Bitola, because their strategic plan was of high importance for the functioning of the other service providers.

### **Expected results are:**

1. Partners have strengthened their organizations and their role in civil society as promoters of children’s rights;
2. Caregivers/parents are strengthened in their understanding and capacity to fulfill and claim their children’s rights;  
Targeting: children affected by HIV, children with disabilities and children to single parents.
3. Girls/women, mainly in rural areas, are strengthened in their right to participate in all community activities.
4. Duty-bearers are strengthened in their capacity to apply a legally secure caretaking system for children without parental care.
5. Children and youth affected by HIV/aids have improved conditions to participate in society.

## **Notes to the Project Financial Statements**

### **Overall Goal**

This project combines two different components, which, although target different organizations/institutions and are set in two very different locations, essentially focus on the same thing - the need for effective and efficient childcare institutions and child rights CSOs in ensuring adequate response to children's needs and the safeguard of child rights:

#### ***Component 1***

- To strengthen child rights India CSOs ability to influence decision makers and impact the situation of their beneficiaries through increased capacity for building partnerships and institutionalization of project interventions is based on the understanding that regardless of the quality and effectiveness of any intervention implemented by a civil society organization with its final beneficiaries, it still remains a response to certain critical situation and only a short term solution.

#### ***Component 2***

- To build the administrative and management capacity of child welfare institutions in Macedonia to systematically and effectively implement their transformation to child friendly institutions based on the principle of “best interest of the child” focuses on the development of 4 key child welfare institutions in Macedonia as child friendly institutions.

#### ***1. Project Goal***

- ❖ To strengthen child rights India CSOs ability to influence decision makers and impact the situation of their beneficiaries through increased capacity for building partnerships and institutionalization of project interventions;
- ❖ To build the administrative and management capacity of child welfare institutions in Macedonia so they can systematically and effectively implement their transformation to child friendly institutions based on the principle of “best interest of the child”.

#### ***2. Project Management***

The overall responsibility for the Project implementation is within Triagolnik. The overall planning and implementation as well as their day-to-day activities are coordinated by the Project Manager.

The preparation of the project financial statements and notes to the project financial statements is the responsibility of the project finance-admin officer. Financial report based on the financial statement is approved by the executive director.

## **Notes to the Project Financial Statements**

### ***3. Basis of preparation***

#### **a) Statement of compliance**

The project financial statements have been derived from the accounting records of Triagolnik prepared using those accounting policies prescribed by the Accounting Law for not-for-profit organizations.

As a result of the above, these project financial statements are not in full compliance with the Accounting Law for not-for-profit organizations and do not represent general purpose financial statements. The project financial statements have been prepared solely for the use of Triagolnik and Adoptionscentrum to evaluate the project activities during the implementation period and should not be used for any other purpose.

The project financial statements do not represent a complete presentation of the financial position and results of the operations of Triagolnik, but rather of the Project only.

#### **b) Functional and presentation currency**

The financial statements are presented in Euros (EUR) according the donor request. Functional currency of the Organization is Macedonian denars (denars of MKD).

### ***4. Significant accounting policies***

#### **a) Foreign currency transactions**

Inflows from donor (Adoptionscentrum) in foreign currency are received on a separate foreign currency bank account. Based on the project needs they are transferred to the project special bank account in Macedonian Denars opened in NLB Tutunska banka AD Skopje for project’s implementation.

Transactions in foreign currencies are translated to the reporting currency using the middle foreign exchange rate of National bank of Republic of Macedonia ruling at the date of the transaction. Monetary assets denominated in foreign currencies at the year end are retranslated to the reporting currency at the foreign exchange rate ruling at that date.

The exchange rate used for retranslation at the period end was as follows:

	<b>As at</b>
	<b>31 December 2014</b>
	<b>MKD</b>
1 EUR	61,4814

#### **b) Cash and cash equivalents**

Cash and cash equivalents comprise of cash on hand and cash at bank.

#### **c) Liabilities**

Accrued expenses for auditing are calculated as cost for the project.

## Notes to the Project Financial Statements

### d) Revenue recognition

Income is recognized in the reporting period when incurred according to the criteria of measurability and availability. The income is measurable when it can be expressed in value. The income is available if collected within the reporting period, or collected within 30 days after the Reporting period end to which it relates, and is being used for settlement of liabilities related to the reporting period.

### e) Expenses

Expenses is recognized in the reporting period when incurred and paid within the reporting period, or paid within 30 days after the reporting period, subject to the liability incurred related to the reporting period.

The total cost of the project eligible for financing by Adoptionscentrum for the period January 1, 2014 till December 31, 2014 is estimated at **45.968 EUR** according to the exchange rate during this period.

The project budget lines consist of four components:

1. Strategic planning for institutions in Macedonia;
2. Capacity building Indian partners;
3. Local administration;
4. Local audit.

### 5. *Strategic planning for institutions in Macedonia*

In EUR	<b>2014</b>
Strategic planning for institutions in Macedonia	22.102
	<u>22.102</u>

### 6. *Capacity building Indian partners*

In EUR	<b>2014</b>
Capacity building Indian partners	14.076
	<u>14.076</u>

### 7. *Local administration*

In EUR	<b>2014</b>
Local administration	8.282
	<u>8.282</u>

**Notes to the Project Financial Statements**

**8. *Audit***

In EUR	<b>2014</b>
Audit	1.500
	<u><b>1.500</b></u>

**Auditing**

The audit is performed in accordance with international audit standards issued by the IFAC:

- ISA 315 is base for the risk assessment and
- ISA 800 is using for examination the budget items and the realization of them.

Examination, assessment and report on compliance with the terms and conditions of the agreement and applicable laws and regulations were performed.

**9. *Cash and cash equivalents***

In EUR	<b>2014</b>
Cash at bank	8
Cash on hand	1.500
	<u><b>1.508</b></u>

**10. *Accrued expenses***

There are accrued liabilities toward Audit Company on 31 December 2014 at the amount of 1.500 EUR, which will be paid to the auditors after issuing the Audit Report for the project.

**11. *Subsequent events***

No material events subsequent to the balance sheet date have occurred which require disclosure in the project financial statements.