



REAC—OR
research in action

Association of citizens “Reactor – research in action” Skopje

FINANCIAL STATEMENTS

for the year ended on 31 December 2011

with

INDEPENDENT AUDITOR’S REPORT



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GENERAL DATA

REAC—OR
research in action

*Str. Apostol Guslarot 40/1-2
1000 Skopje
Republic of Macedonia*

info@reactor.org.mk

President:

Neda Korunovska Avramovska

Banks:

NLB Tutunska Bank Inc, Skopje
Sparkasse Bank AD Skopje



Audit company **CENSUM** DOOEL Skopje

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Member of ICARM
Licensed by the Ministry of Finance of the Republic of Macedonia from 21.10.2004
Certified Auditors number 44, 40, 101 and 143

INDEPENDENT AUDITOR'S REPORT

To ASSOCIATION OF CITIZENS "REACTOR - RESEARCH IN ACTION" SKOPJE

Report on the Financial Statements

We have audited the accompanying financial statements of the ASSOCIATION OF CITIZENS "REACTOR - RESEARCH IN ACTION" SKOPJE, which comprise the balance sheet as of December 31, 2011, the statement of incomes and expenses and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with the Law on Accounting for nonprofit organizations, prepared on cash base. This responsibility includes: designing, implementing and maintaining internal control relevant for 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. 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.

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. When making those risk assessments, the auditor considers internal control relevant to 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the

Office 1 Skopje: Str. Dame Gruev no.8, 5 th floor Dom na voenite invalidi +389 (0)2 3233 301 Tel. +389 (0)2 3233 302 +389 (0)2 3216 186 Fax +389 (0)70 250 434 Mobile stojan.jordanov@censum.com.mk censum@censum.com.mk	Office 2 Skopje: Blvd. ASNOM no.64-3/1 +389 (0)2 2434 354 Tel. +389 (0)72 204 115 +389 (0)78 214 415 Mobile nebojsa.mladenovic@censum.com.mk	Single Register No.: Tax number: Denar's Bank account: Foreign Bank account: IBAN code: SWIFT code: Bank:	5921333 MK4030004526679 210-0592133301-68 00-701-0003966.2 MK 07 210-3000003149-21 TUTNMK22 NLB Tutunska banka AD Skopje
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reasonableness of accounting estimates made by management, as well as evaluating 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 the ASSOCIATION OF CITIZENS "REACTOR - RESEARCH IN ACTION" SKOPJE as of December 31, 2011 and its financial success for the year ended on that date, in accordance with the Law on Accounting for nonprofit organizations.

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Report on Compliance with Contracts for Grants

The ASSOCIATION OF CITIZENS “REACTOR - RESEARCH IN ACTION” SKOPJE has signed contracts with more donors. A list of Donors and signed Contracts for financing of Projects are attached to the report. The obligations of fund user are specified in the signed Contracts.

Opinion

In our opinion, the ASSOCIATION OF CITIZENS “REACTOR - RESEARCH IN ACTION” SKOPJE used granted funds in compliance with articles in signed contracts.

Skopje, 21 November 2012

Certified Auditor
Jordanov Stojan

Audit Company
CENSUM Ltd. Skopje

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Association of citizens “Reactor – research in action” - Skopje
Financial statements for the year ended on 31 December 2011

PROFIT AND LOSS STATEMENT

<i>(in thousand denars)</i>	Note	Year ended 31 Dec	
		2011	2010
INCOME			
Income from donors	4	3,418	8,497
Interest and exchange gains	4	27	-
Profits/losses from previous years	4	3,953	260
Other income	4	-	20
TOTAL INCOME		7,398	8,777
EXPENSES			
Program expenditures	5	(4,847)	(4,824)
TOTAL EXPENSES		(4,847)	(4,824)
Income surplus / (uncovered expenses)		2,551	3,953

Neda Korunovska Avramovska
president



Association of citizens "Reactor – research in action" - Skopje
Financial statements for the year ended on 31 December 2011

BALANCE SHEET

<i>(in thousand denars)</i>	Note	Year ended on 31 Dec	
		2011	2010
ASSETS			
<u>Long-term assets</u>		143	228
Tangible assets	6	143	228
<u>Current assets</u>		2,585	4,132
Other short-term assets		147	-
Cash	7	2,438	4,132
TOTAL ASSETS		2,728	4,360
FUNDS AND LIABILITIES			
<u>Funds and reserve</u>		143	228
Capital fund		105	200
Revaluation reserves		38	28
<u>Current liabilities</u>		34	179
Liabilities to suppliers		9	164
Liabilities for salaries		21	-
Liabilities to state		4	15
<u>ACCRUALS</u>		2,551	3,953
Accrued incomes		2,551	3,953
TOTAL FUNDS AND LIABILITIES		2,728	4,360

Neda Korunovska Avramovska
President



NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL ON ASSOCIATION OF CITIZENS “REACTOR - RESEARCH IN ACTION” SKOPJE

Reactor is an independent, non-profit organization [think-tank]. It is formally established in January 2005, but existed as a grass-root organisation from May 2004.

The main aim is foster policy oriented research and initiate debates and public discussions on policies in Macedonia thus contributing to the development and EU integration of the country.

The Association of citizens “Reactor – research in action” is governed by Executive Board, President and Assembly.

Reactor is consisted of multidisciplinary team of young researchers committed to provide adequate, timely and independent data on the conditions in Macedonia and providing expert analysis.

The founding members were part of training and capacity building project implemented by the European Stability Initiative and the Open Society Institute – Macedonia, thus Reactor has cooperated closely with those institutions from its establishment, and received their continuous support.

Today, Reactor has friends in all country from Western Balkans, and cooperates with the other think-tanks from Macedonia.

Current situation of legal person in the Register of Citizens’ Associations and Funds

Single Register Number	5954096
Name of legal person	Zdruzenie na gragjani “Reaktor – istrazuvanje vo akcija” Skopje, Republika Makedonija
Head Office	Str. APOSTOL GUSLAROT 40/1-2 SKOPJE - CENTAR, SKOPJE
Date of foundation	25.01.2005
Tax number	4030005548897



2. BASES FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the ASSOCIATION OF CITIZENS “REACTOR - RESEARCH IN ACTION” SKOPJE are prepared in accordance with the Law on Accounting for nonprofit organizations.

The financial statements are prepared on cash basis, where the incomes are recognized when charged, and expenses paid, with allowed overstepping of 30 days after the end of the reporting period.

The financial statements are prepared on assumption of continuity of work, i.e. the ASSOCIATION OF CITIZENS “REACTOR - RESEARCH IN ACTION” SKOPJE does not have an intention or reasons to end the activities in near future.

The financial statements are shown in thousand denars, except otherwise stated.



3. BASIC ACCOUNTING POLICIES

The applied basic accounting policies in preparing the financial statements for 2011 are shown in further text.

3.1 Policy of registering the incomes

The incomes are registered for the periods, for which they are intended, related to the expenses that have been made. The incomes made and spent in the period are shown in that period. Unspent monetary assets related to contracts for ongoing projects are transferred to the next reporting period, as liabilities from received funds from donations.

3.2 Expenses

The expenses are recognized in the accounting period in which they have occurred, i.e. until 31 December in the current commercial year, if they are paid in the accounting period for which they refer to, or in 30 days' term after the end of the accounting period, i.e. 31 January in the next year, provided that the liability for payment occurred in that accounting period.

3.3 Monetary assets

The monetary assets comprise of denar cash, monetary assets on gyro-account in a commercial bank and monetary assets on the foreign currency account.



Association of citizens “Reactor – research in action” - Skopje
Financial statements for the year ended on 31 December 2011

NOTE 4

(in thousand denars)

	2011	2010
Revenues	7,398	8,777
REVENUES FROM INTEREST AND POSITIVE EXCHANGE RATES	27	-
Revenues from interest	27	-
REVENUES FROM MEMBERSHIP FEES, GIFTS, DONATIONS AND REVENUES FROM OTHER SOURCES	3,418	8,497
Revenues from membership fees, gifts and donations	3,418	8,497
OTHER REVENUES	-	20
Other revenues	-	20
PROFITS/LOSSES FROM PREVIOUS YEARS	3,953	260
Profits/losses from previous years	3,953	260

The primary sources of funds for the association’s activities are donations.

The donors with which contracts have been concluded and amounts of transferred assets in this year can be seen in the table below.

(in thousand denars)

Received funds by donors	2011	2010
EUROPEAN COMMISSION	450	6,009
FOSM	154	1,609
SDC	-	878
Soros Budapest	1,846	-
RRPP	231	-
EFB	737	-
TOTAL RECEIVED FUNDS	3,418	8,496
Transferred funds from previous year	3,953	287
Transferred funds to next year	(2,551)	(3,953)
TOTAL INCOME	4,820	4,830

The total amount of donations received in the year 2011 is 3.418 thousand denars. Special-purpose funds received by donors in the previous year but spent for activities in this period in the amount of 3.953 thousand denars. Amount of 2.551 thousand denars is transferred in 2012.



Association of citizens “Reactor – research in action” - Skopje
Financial statements for the year ended on 31 December 2011

NOTE 5

	<i>(in thousand denars)</i>	
	2011	2010
Expenses	(4,847)	(4,809)
MATERIAL EXPENSES, SERVICES AND DEPRECIATION	(1,105)	(736)
Spent materials	(96)	(161)
Spent energy	(56)	(21)
Other services	(835)	(207)
Transport services	(65)	(38)
Expeses for advertising, propaganda and representation	(4)	(129)
Acquisition value of sold materials, goods and services	(49)	-
Rents	-	(180)
OTHER EXPENSES	(3,478)	(3,107)
Bank fee	(26)	(27)
Daily allowances for business trips and travel expenses	(40)	(165)
Allowances for expenses for workers and citizens	(8)	(1,401)
Negative currency adjustment costs	-	(5)
Intellectual and other services	(477)	(254)
Other expenses	(2,927)	(1,255)
CAPITAL AND OTHER ASSETS	(40)	-
Equipment assets	(40)	-
SALARIES AND ALLOWANCES ON SALARIES	(224)	(966)
Calculated salaries	(224)	(966)

Costs distribution under separate items is a reflection of legal regulation, which determines accounts for non-profit organizations.



Association of citizens “Reactor – research in action” - Skopje
Financial statements for the year ended on 31 December 2011

NOTE 6

(in thousand denars)

Tangible assets	2011	2010
<u>Acquisition value</u>		
Balance at 01.01	433	397
Acquisitions during the year	33	36
Balance at 31.12	466	433
<u>Depreciation</u>		
Balance at 01.01	(205)	(94)
Depreciation for current year	(118)	(111)
Balance at 31.12	(323)	(205)
<u>Current value at 31.12</u>	143	228

The depreciation of material assets is being posted as a decrease in the capital fund and not as an expense in the same period. The calculations regarding depreciation of assets are being conducted according to the legally determined rates of depreciation for different tangible assets.

NOTE 7

(in thousand denars)

	2011	2010
Monetary assets	2,438	4,132
Gyro account	2,438	4,132

The monetary assets at the end of year 2011 stand in the amount of 2.438 thousand denars and are a sum of the assets on the gyro account of the association in a commercial bank.