

**REAC—OR**  
research in action

**Association of citizens “Reactor – research in action” Skopje**

***FINANCIAL STATEMENTS***

**for the year ended on 31 December 2012**

**with**

***INDEPENDENT AUDITOR’S REPORT***

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## GENERAL DATA

**REACTOR**  
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

[www.censum.com.mk](http://www.censum.com.mk)

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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, 2012, 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

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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, 2012 and its financial success for the year ended on that date, in accordance with the Law on Accounting for nonprofit organizations.

DRAFT

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Single Register No.: 5921333  
Tax number: MK4030004526679  
Denar's Bank account: 210-0592133301-68  
Foreign Bank account: 00-701-0003966.2  
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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, 5 July 2013*

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 2012

## PROFIT AND LOSS STATEMENT

<i>(in thousand denars)</i>	Note	Year ended 31 Dec	
		2012	2011
<b>INCOME</b>			
Income from donors	4	10,574	3,418
Self generated income	4	-	-
Interest and exchange gains	4	4	27
Profits/losses from previous years	4	2,551	3,953
Other income	4	-	-
<b>TOTAL INCOME</b>		<b>13,129</b>	<b>7,398</b>
<b>EXPENSES</b>			
Program expenditures	5	(9,704)	(4,847)
<b>TOTAL EXPENSES</b>		<b>(9,704)</b>	<b>(4,847)</b>
<b>Income surplus / (uncovered expenses)</b>		<b>3,425</b>	<b>2,551</b>

**Neda Korunovska Avramovska**  
president



Association of citizens “Reactor – research in action” - Skopje  
Financial statements for the year ended on 31 December 2012

## BALANCE SHEET

<i>(in thousand denars)</i>	Note	Year ended on 31 Dec	
		2012	2011
<b>ASSETS</b>			
<b><u>Long-term assets</u></b>		<b>196</b>	<b>143</b>
Tangible assets	6	183	143
Intangible assets		13	-
<b><u>Current assets</u></b>		<b>3,448</b>	<b>2,585</b>
Other short-term assets		116	147
Cash	7	3,332	2,438
<b>TOTAL ASSETS</b>		<b>3,644</b>	<b>2,728</b>
<b>FUNDS AND LIABILITIES</b>			
<b><u>Funds and reserve</u></b>		<b>195</b>	<b>143</b>
Capital fund		148	105
Revaluation reserves		47	38
<b><u>Current liabilities</u></b>		<b>24</b>	<b>34</b>
Liabilities to suppliers		24	9
Liabilities for salaries		-	21
Liabilities to state		-	4
<b><u>ACCRUALS</u></b>		<b>3,425</b>	<b>2,551</b>
Accrued incomes		3,425	2,551
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>3,644</b>	<b>2,728</b>

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 2012 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 2012

**NOTE 4**

(in thousand denars)

	2012	2011
<b>Revenues</b>	<b>13,129</b>	<b>7,398</b>
<b>REVENUES FROM INTEREST AND POSITIVE EXCHANGE RATES</b>	<b>4</b>	<b>27</b>
Revenues from interest	4	27
<b>REVENUES FROM MEMBERSHIP FEES, GIFTS, DONATIONS AND REVENUES FROM OTHER SOURCES</b>	<b>10,574</b>	<b>3,418</b>
Revenues from membership fees, gifts and donations	10,574	3,418
<b>PROFITS/LOSSES FROM PREVIOUS YEARS</b>	<b>2,551</b>	<b>3,953</b>
Profits/losses from previous years	2,551	3,953

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)

<b>Received funds by donors</b>	<b>2012</b>	<b>2011</b>
EIDHR	792	450
MYLA	40	-
Youth council	848	-
FOSM	1,151	154
UN Women	1,340	-
TTF	3,228	-
USAID	1,984	-
OSF	1,191	-
SOROS Budapest	-	1,846
RRPP	-	231
EFT	-	737
<b>TOTAL RECEIVED FUNDS</b>	<b>10,574</b>	<b>3,418</b>
Transferred funds from previous year	2,551	3,953
Transferred funds to next year	(3,425)	(2,551)
<b>TOTAL INCOME</b>	<b>9,700</b>	<b>4,820</b>

The total amount of donations received in the year 2012 is 10.574 thousand denars. Special-purpose funds received by donors in the previous year but spent for activities in this period in the amount of 2.551 thousand denars. Amount of 3.425 thousand denars is transferred in 2013.



Association of citizens "Reactor – research in action" - Skopje  
Financial statements for the year ended on 31 December 2012

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**NOTE 5**

*(in thousand denars)*

	<b>2012</b>	<b>2011</b>
<b>Expenses</b>	<b>(9,704)</b>	<b>(4,847)</b>
<b>MATERIAL EXPENSES, SERVICES AND DEPRECIATION</b>	<b>(2,680)</b>	<b>(1,105)</b>
Spent materials	(2)	(96)
Spent energy	(16)	(56)
Other services	(1,943)	(835)
Transport services	-	(65)
Expeses for advertising, propaganda and representation	(373)	(4)
Acquisition value of sold materials, goods and services	-	(49)
Rents	(209)	-
Other material expenses	(137)	-
<b>OTHER EXPENSES</b>	<b>(4,921)</b>	<b>(3,478)</b>
Bank fee	(39)	(26)
Insurance premium	(5)	-
Daily allowances for business trips and travel expenses	(163)	(40)
Allowances for expenses for workers and citizens	-	(8)
Negative currency adjustment costs	(24)	-
Membership fees	(1)	-
Intellectual and other services	(953)	(477)
Other expenses	(3,736)	(2,927)
<b>CAPITAL AND OTHER ASSETS</b>	<b>(204)</b>	<b>(40)</b>
Equipment assets	(204)	(40)
<b>SALARIES AND ALLOWANCES ON SALARIES</b>	<b>(1,899)</b>	<b>(224)</b>
Calculated salaries	(1,899)	(224)

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 2012

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**NOTE 6**

*(in thousand denars)*

<b>Tangible assets</b>	<b>2012</b>	<b>2011</b>
<b>Acquisition value</b>		
Balance at 01.01	466	433
Acquisitions during the year	226	33
Disposals	-	-
Balance at 31.12	692	466
<b>Depreciation</b>		
Balance at 01.01	(323)	(205)
Depreciation for current year	(186)	(118)
Disposals	-	-
Balance at 31.12	(509)	(323)
<b>Current value at 31.12</b>	<b>183</b>	<b>143</b>

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)*

	<b>2012</b>	<b>2011</b>
<b>Monetary assets</b>	<b>3,332</b>	<b>2,438</b>
Gyro account	1,417	2,438
Foreign currency account	1,915	-

The monetary assets at the end of year 2012 stand in the amount of 3.332 thousand denars and are a sum of the assets on the gyro account of the association in a commercial bank.