



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

FINANCIAL STATEMENTS

for the year ended on 31 December 2019
with

INDEPENDENT AUDITOR’S REPORT

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GENERAL DATA

REAC—OR
research in action

*Blvd. Partizanski odredi 18-1/11
1000 Skopje, Republic North Macedonia*

info@reactor.org.mk

President: **Tanja Ivanova**

Bank: **NLB Banka AD Skopje**

INDEPENDENT AUDITOR'S REPORT

To Association of citizens "Reactor – research in action" - Skopje

Report on financial statements

We have audited the attached financial statements of the Association of citizens "Reactor – research in action" - Skopje, which include the balance sheet as of 31 December 2019, as well as the statement on revenues and expenses and the summary of the significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Law on Accounting for Non-profit Organizations, prepared on a modified cash basis, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing applicable in the Republic of North Macedonia. 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.

The 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, notwithstanding whether they are due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements of the entity 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 internal control. The audit also includes an evaluation of the

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RSM MAKEDONIJA DOOEL Skopje

Dame Gruev 8, 1000 Skopje, R. North Macedonia

T+389 (0)2 3233 301

T+389 (0)2 3233 302

www.rsm.mk

appropriateness of accounting policies used and the rationality of accounting estimates made by the management, as well as evaluation 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 present fairly, in all material respects, the financial position of Association of citizens “Reactor – research in action” - Skopje as of 31 December 2019, and its financial performance for the year then ended, in accordance with the Law on Accounting for Non-profit Organizations.

Skopje, 16.11.2022

Certified Auditor

Jaglika Jordanova Andrijeska



Audit Company

RSM MAKEDONIJA DOOEL Skopje



RSM
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STATEMENT ON REVENUES AND EXPENSES

<i>(in thousand denars)</i>	Note	Year ended 31 Dec	
		2019	2018
INCOME			
Income from donors	4	4.941	9.085
Interest and exchange gains	4	227	1.151
Other income	4	-	35
TOTAL INCOME		5.168	10.271
Transferred surplus income from previous year	4	6.139	4.469
EXPENSES			
Operating expenses	5	8.116	8.601
TOTAL EXPENSES		8.116	8.601
Income surplus before tax/ (uncovered expenses before tax)		3.191	6.139
Tax on unrecognized costs		-	-
Income surplus / (uncovered expenses)		3.191	6.139

Skopje, 25.02.2020




Tanja Ivanova
 President

BALANCE SHEET

<i>(in thousand denars)</i>	Note	Year ended on 31 Dec	
		2019	2018
ASSETS			
Long-term assets		389	425
Tangible assets	6	262	318
Intangible assets	6.1	127	107
Current assets		3.255	6.202
Accounts receivables	7	-	-
Other receivables	8	64	64
Cash	9	3.191	6.138
Prepaid expenses and undue collection of income	10	27	27
TOTAL ASSETS		3.671	6.654
FUNDS AND LIABILITIES			
Funds and reserve		389	425
Business fund		389	425
Current liabilities		27	27
Accounts payable	11	27	27
Other liabilities	12	-	-
ACCRUALS	13	3.255	6.202
TOTAL FUNDS AND LIABILITIES		3.671	6.654

Skopje, 25.02.2020




Tanja Ivanova
 President

BUSINESS FUND

Review of movement of business fund, revaluation reserves and accumulated surplus of revenues			
<i>(in thousand denars)</i>	Business fund	Accumulated surplus of revenues	Total
2018			
Balance at 01.01.	535	4.469	5.004
Income for the year	-	10.271	10.271
Expenses for the year	-	(8.526)	(8.526)
Increase of tangible assets / (capital expenditures)	75	(75)	-
Depreciation	(185)	-	(185)
Balance at 31.12.	425	6.139	6.564
2019			
Balance at 01.01.	425	6.139	6.564
Income for the year	-	5.168	5.168
Expenses for the year	-	(7.977)	(7.977)
Increase of tangible assets / (capital expenditures)	139	(139)	-
Depreciation	(175)	-	(175)
Balance at 31.12.	389	3.191	3.580

NOTES TO THE FINANCIAL STATEMENTS

1. General information 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 organization from May 2004.

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

The Association of citizens “Reactor – research in action” - Skopje 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 North Macedonia and providing expert analysis.

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

Basic entity data

Unique ID of the entity	5954096
Full name of the entity	Zdruzenie na gragjani “Reaktor – istrazuvanje vo akcija” Skopje
Address	Blvd. Partizanski odredi 18-1/11, SKOPJE
Established on	25.01.2005
Unique tax number	4030005548897
Predominant activity	94.99 – Activities of other membership organizations n.e.c

2. BASES FOR PREPARATION OF FINANCIAL STATEMENTS

Reactor -Research in action Skopje prepares its financial statements in accordance with law regulations that are applicable in the Republic of North Macedonia, and refer to the activities of non-profit organizations, primarily Law on Accounting for Non-Profit Organizations ("Official Gazette of RNM" no. 24/03, 17/11 and 154/15) and Rulebook on Accounting for Non-Profit Organizations ("Official Gazette of RNM" no.42/03, 08/09, 12/09 and 175/11), and the specific by-law regulations adopted on basis of the Law on Non-Profit Organizations.

The financial statements are prepared according to the accounting principle for modified incurrence of business changes, i.e. transactions. The presented Financial Statements are prepared on a cash basis, whereas revenues are recognized when collected, and expenses are recognized when settled, within a period of 30 days after the end of the reporting period.

Financial statements are prepared with assumption for going concern, i.e. Reactor - Research in action Skopje has no intention and no reason to discontinue the operation in a near future.

Financial statements are presented in thousands MKD, unless it is otherwise stated.

3. BASIC ACCOUNTING POLICIES

The fundamental accounting policies that have been applied in the preparation of the Financial Statements are presented below. The accounting policies of the Reactor -Research in action Skopje are being adequately applied from year to year.

3.1 Revenue and expense recognition policy

Revenue and expense recognition is performed according to the article 13 from the Law on Accounting for Non-Profit Organizations, i.e. in accordance with the accounting principle for modified occurrence of business changes, i.e. transactions.

Accounting principle for modified occurrence of business changes, i.e. transactions means recognition of revenues in the accounting period when they occurred, in accordance with the criteria for scalability and availability. Revenues are measurable when they can be presented as a value. Revenues are available when they are generated in the accounting period or within a period of 30 days upon expiry of the accounting period, provided that the revenues refer to the accounting period and serve to cover the liabilities of that accounting period.

Accounting principle for modified occurrence of business changes, i.e. transactions, means recognition of expenses in the accounting period in which they occurred or in a period of 30 days upon expiry of the accounting period, provided that the payment liability has occurred within that accounting period.

Inventory items are recognized as expenses at purchasing value. The purchasing value is consisted of net purchasing price, increased by the import customs, Value Added Tax, transportation costs and all other expenditures that are directly attributed to the purchasing value, i.e. purchasing expenses, decreased for the discounts and commissions.

3.2 Long-term assets

Long-term assets are presented at purchase value. Purchase value of long-term assets is consisted of the net purchase price increased by the import duties, Value Added Tax, transportation costs and all other expenditures that are directly attributable to the purchasing value, i.e. purchase costs.

Long-term assets with separate value at the time of purchase less than 300 EUR in MKD counter-value, shall be classified as small inventory that will be written-off as one-time charge regardless of their useful life.

Decpeiation

The depreciation is calculated separately for each asset within the groups prescribed in the Rulebook on Accounting for Non-Profit Organizations until the value of the long-term assets has been fully compensated. When the value, which represents the basis for calculation of the depreciation, has been compensated, i.e, when the amount of purchase value of the assets is equal to the written-off value, further calculation of depreciation ceases. This also applies if the assets are being further used for operational activities.

Long-term assets' value write-off is performed by using straight-line depreciation method by applying annual rates prescribed by the Minister of Finance in the Rulebook on Accounting for Non-Profit Organizations. The annual rates for depreciation applied on some significant items, are presented below:

Building structures - buildings	2.5%
Equipment	14% to 20%
Computers	20%
Furniture	10% to 20%

The basis for long-term assets' write-off is the purchase value, i.e. the revaluated value of long-term assets.

The calculation of depreciation of tangible assets begins on the first day of the next month when those assets were put into usage for operational activities.

Revaluation

Revaluation of long-term assets is calculated in accordance with Article 15 of the Law on Accounting for Non-Profit Organizations and Articles 29 and 29-a of the Rulebook on Accounting for Non-Profit Organizations. In accordance with the previously mentioned legislation, calculation of revaluation is carried out in the following cases:

- Retirement and disposal of assets, or
- Revaluation in line with the increase of prices by manufacturers of industrial products.

The basis for revaluation of long-term assets is the cost of assets and their accumulated depreciation.

The revaluation of the long-term assets shall be carried out by applying the rate of increase of prices by the manufacturers of industrial products, published by the State Statistical Office.

The revaluation shall be carried out by reconciliation of the balances of the long-term assets with the performed valuation by the end of the month when the assets are retired from use, or disposed.

The revaluation of the long-term assets shall be carried out by multiplying the balances of the long-term assets from the preceding year with the index of the cumulative price increase of industry products from the start until the end of accounting period, while for the long-term assets which were purchased during the accounting period, their balance is multiplied with the index of the cumulative price increase of industry products from the first day in the month subsequent to the month of the purchase until the end of the accounting period.

The result of the revaluation of long-term assets shall be carried forward as credit or debit to the sources of financing.

3.3. Receivables and liabilities

The balances of receivables and liabilities are recognized in accordance with the amounts agreed in the contract.

3.4 Cash

Cash consists of cash at hand, cash deposits in a bank and cash deposits in bank in foreign currency accounts. The cash at hand and the cash deposits in a bank shall be presented in the general ledger at a nominal value, while the foreign currency shall be presented using the exchange rate of the National Bank of the Republic of North Macedonia on the balance sheet date.

3.5 Amounts stated in foreign currency

The transactions in foreign currency are stated in MKD according to the Official exchange rate of NBRSM at the date of transaction.

Foreign exchange assets and liabilities of the balance sheet are stated in MKD according to the official exchange rates on the balance sheet date.

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.

Note 4

(in thousand denars)

	2019	2018
Revenues	11.307	14.740
REVENUES FROM MEMBERSHIP FEES, GIFTS, DONATIONS AND REVENUES FROM OTHER SOURCES	4.941	9.085
Revenues from membership fees, gifts and donations	4.941	9.085
REVENUES FROM INTEREST AND POSITIVE EXCHANGE RATES	227	1.151
Revenues from positive exchange rates	227	1.151
OTHER REVENUES	-	35
Other revenues	-	35
TRANSFERRED INCOME SURPLUS FROM PREVIOUS YEAR	6.139	4.469
Transferred income surplus from previous year	6.139	4.469

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	2019	2018
USAID	-	2.018
European centre for nonprofit law	-	108
Kvinna till Kvinna	1.313	3.845
UN Woman	-	940
Civica Mobilitas	-	823
European Commission Empowering CSOs in Combatting Discrimination and Furthering Women’s Labour Rights	-	1.351
Kosovo Women's Network	1.781	-
UNICEF	501	-
European center for Not-for-Profit Law	213	-
East West Management Institute	1.112	-
FOSM	21	-
TOTAL RECEIVED FUNDS	4.941	9.085

Note 5

	<i>(in thousand denars)</i>	
	2019	2018
Expenses	8.116	8.601
OPERATING EXPENSES, SERVICES AND DEPRECIATION	961	1.183
Supplies	24	19
Spent energy	47	47
Other services	629	599
Transport services	12	138
Advertising, propaganda and representation	62	155
Rents and utilities	187	225
OTHER EXPENSES	2.425	3.421
Bank fee	42	49
Insurance premium	10	10
Business trips and travel expenses	47	93
Negative FX	159	1.025
Membership fees	5	4
Intellectual and other services	1.576	1.561
Other expenses	586	679
TRANSFERRED ASSETS	-	47
Transferred assets to other subjects	-	47
NON-CURRENT AND OTHER ASSETS	139	75
Equipment	139	75
SALARIES AND CONTRIBUTIONS	4.591	3.858
Salaries	4.486	3.858
Contributions	105	-
TAXES AND CONTRIBUTION THAT DO NOT DEPEND ON RESULT	-	17
Taxes and contribution that do not depend on result	-	17

Note 6

(in thousand denars)

Tangible assets

2018	Equipment	Furniture	Total
Cost			
Balance January 1	1.064	232	1.296
Additions	75	-	75
Disposed / Outlaid assets	-	-	-
Balance December 31	1.139	232	1.371
Accumulated depreciation			
Balance January 1	(673)	(208)	(881)
Depreciation for the year	(151)	(21)	(172)
Disposed / Outlaid assets	-	-	-
Balance December 31	(824)	(229)	(1.053)
Net book value December 31	315	3	318

2019	Equipment	Furniture	Total
Cost			
Balance January 1	1.139	232	1.371
Additions	107	-	107
Disposed / Outlaid assets	-	-	-
Balance December 31	1.246	232	1.478
Accumulated depreciation			
Balance January 1	(824)	(229)	(1.053)
Depreciation for the year	(160)	(3)	(163)
Disposed / Outlaid assets	-	-	-
Balance December 31	(984)	(232)	(1.216)
Net book value December 31	262	-	262

Note 6.1

(in thousand denars)

Intangible assets

	2019	2018
Supply values		
Balance January 1	140	140
New supplies	32	-
Disposed assets	-	-
Balance December 31	172	140
Depreciation		
Balance January 1	(33)	(20)
Current depreciation	(12)	(13)
Disposed assets	-	-
Balance December 31	(45)	(33)
Current value at 31.12	127	107

Note 7

(in thousand denars)

	2019	2018
Accounts receivables	-	-

Note 8

(in thousand denars)

	2019	2018
Other receivables	64	64
<u>SHORT-TERM FINANCIAL RECEIVABLES</u>	<u>47</u>	<u>47</u>
Other short-term receivables	47	47
<u>RECEIVABLES FOR TAXES AND CONTRIBUTIONS</u>	<u>17</u>	<u>17</u>
Receivables for taxes and contributions on work agreement and author's work	2	2
Receivables for income taxes and contributions	15	15

Note 9

(in thousand denars)

	2019	2018
Monetary assets	3.191	6.138
Gyro account	1.157	1.566
Foreign exchange accounts	1.992	4.530
Other monetary assets	42	42

Note 10

(in thousand denars)

	2019	2018
Prepaid expenses and undue collection of income	27	27
Other prepaid expenses and undue collection of income	27	27

Note 11

(in thousand denars)

	2019	2018
Accounts payable	27	27
Accounts payable	27	27

Note 12

(in thousand denars)

	2019	2018
Other liabilities	-	-

Note 13

(in thousand denars)

	2019	2018
Accruals	3.255	6.202
Part of the income surplus for transfer in next year	3.191	6.139
Other accruals	64	63