REACTOR
research in action

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

FINANCIAL STATEMENTS

for the year ended on 31 December 2022
with

INDEPENDENT AUDITOR’S REPORT

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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 2022, 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

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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 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 2022, and its financial performance for the year then ended, in accordance with the Law on Accounting for Non-profit Organizations.

Skopje, 29.05.2024

Certified Auditor	Audit Company
Jaglika Jordanova Andrijeska	RSM MAKEDONIJA DOOEL Skopje

RSM
Друштво за ревизија РСМ
МАКЕДОНИЈА ДООЕЛ Скопје

STATEMENT ON REVENUES AND EXPENSES

		Year ended 31 Dec	
(in thousand denars)	**Note**	**2022**	**2021**
INCOME			
Income from donors	4	41.357	23.888
Interest and exchange gains	4	426	30
Other income	4	20	58
TOTAL INCOME		**41.803**	**23.976**
Transferred surplus income from previous year	4	12.097	6.415
EXPENSES			
Operating expenses	5	49.614	18.294
TOTAL EXPENSES		**49.614**	**18.294**
Income surplus before tax/ (uncovered expenses before tax)		**4.286**	**12.097**
Tax on unrecognized costs		-	-
Income surplus / (uncovered expenses)		**4.286**	**12.097**

Skopje, 28.02.2023

Tanja Ivanova
President

BALANCE SHEET

(in thousand denars)	Note	Year ended on 31 Dec 2022	2021
ASSETS			
Long-term assets		**614**	**452**
Tangible assets	6	549	367
Intangible assets	6.1	65	85
Current assets		**4.286**	**12.097**
Acccounts receivables	7	-	-
Other recievables	8	-	-
Cash	9	4.286	12.097
Prepaid expenses and undue collection of income	10	-	-
TOTAL ASSETS		**4.900**	**12.549**
FUNDS AND LIABILITIES			
Funds and reserve		**614**	**452**
Business fund		614	452
Current liabilities		**-**	**-**
Accounts payable	11	-	-
Other liabilities	12	-	-
ACCRUALS	13	**4.286**	**12.097**
TOTAL FUNDS AND LIABILITIES		**4.900**	**12.549**

Skopje, 28.02.2023

Tanja Ivanova
President

BUSINESS FUND

Review of movement of business fund, revaluation reserves and accumulated surplus of revenues

(in thousand denars)	Business fund	Revaluation reserves	Accumulated surplus of revenues	Total
2021				
Balance at 01.01.	**505**	**-**	**6.415**	**6.920**
Income for the year	-	-	23.976	23.976
Expenses for the year	-	-	(18.151)	(18.151)
Increase of tangible assets / (capital expenditures)	143	-	(143)	-
Depreciation	(196)	-	-	(196)
Balance at 31.12.	**452**	**-**	**12.097**	**12.549**
2022				
Balance at 01.01.	**452**	**-**	**12.097**	**12.549**
Income for the year	-	-	41.803	41.803
Expenses for the year	-	-	(49.492)	(49.492)
Increase of tangible assets / (capital expenditures)	122	-	(122)	-
Depreciation	(184)	-	-	(184)
Donation	224	-	-	224
Balance at 31.12.	**614**	**-**	**4.286**	**4.900**

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

1. 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.

2. 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 ocurrence 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 ocurrence of business changes, i.e. transactions, means recognition of expenses in the accounting period in which they ocurred or in a period of 30 days upon expiry of the accounting period, provided that the payment liability has ocurred 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.

Depreciation

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 deprecation 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)

Revenues	2022	2021
Revenues	**53.900**	**30.391**
REVENUES FROM MEMBERSHIP FEES, GIFTS, DONATIONS AND REVENUES FROM OTHER SOURCES	**41.357**	**23.888**
Revenues from membership fees, gifts and donations	41.357	23.888
REVENUES FROM INTEREST AND POSITIVE EXCHANGE RATES	**426**	**30**
Revenues from positive exchange rates	426	30
OTHER REVENUES	**20**	**58**
Other revenues	20	58
TRANSFERRED INCOME SURPLUS FROM PREVIOUS YEAR	**12.097**	**6.415**
Transferred income surplus from previous year	12.097	6.415

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	2022	2021
European Commission - Furthering gender equality	30.059	6.028
Kvinna till Kvinna - EU Advocacy for advancing women's rights	2.312	2.269
Kosovo Women's Network	-	938
UNICEF	-	209
FOSM	219	680
European center for Not-for-Profit Law	-	114
Association for Men and Gender Issues Styria	455	455
Youth Educational Forum	-	70
Civica Mobilitas	-	223
Kvinna till Kvinna Sida co-financing	6.144	12.902
NDI Grant - Furthering gender equality through political involvment of women	716	-
OSCE Mission	684	-
Kvinna till Kvinna - Service Agreement	367	-
Men and Care	403	-
TOTAL RECEIVED FUNDS	**41.357**	**23.888**

Note 5

(in thousand denars)

	2022	2021
Expenses	**49.614**	**18.294**
OPERATING EXPENSES, SERVICES AND DEPRECIATION	**1.754**	**1.009**
Supplies	308	25
Other services	368	226
Transport services	96	17
Advertising, propaganda and representation	69	50
Rents and utilities	462	691
Other material expenses	451	-
OTHER EXPENSES	**3.184**	**1.741**
Bank fee	264	227
Insurance premium	1	-
Business trips and travel expenses	31	-
Allowances for expenses for workers and citizens	1.530	-
Negative FX	476	6
Membership fees	61	1
Intelectual and other services	821	1.497
Other expenses	-	10
SPECIAL PURPOSE ASSETS	**37.373**	**7.161**
Expenses for international cooperation	37.373	7.161
TRANSFERRED ASSETS	**60**	**1.653**
Transferred assets to other subjects	60	1.653
NON-CURRENT AND OTHER ASSETS	**122**	**143**
SALARIES AND CONTRIBUTIONS	**7.121**	**6.587**
Salaries	7.121	6.587

Note 6

(in thousand denars)

Tangible assets

2021	Equipment	Furniture	Other assets	Total
Cost				
Balance January 1	1.531	232	5	1.768
Additions	143	-	-	143
Disposed / Outlaid assets	-	-	-	-
Balance December 31	**1.674**	**232**	**5**	1.911
Accumulated depreciation				
Balance January 1	(1.137)	(232)	-	(1.369)
Depreciation for the year	(175)	-	-	(175)
Disposed / Outlaid assets	-	-	-	-
Balance December 31	**(1.312)**	**(232)**	**-**	(1.544)
Net book value December 31	**362**	**-**	**5**	**367**

2022	Equipment	Furniture	Other assets	Total
Cost				
Balance January 1	1.674	232	5	1.911
Additions	271	75	-	346
Disposed / Outlaid assets	-	-	-	-
Balance December 31	**1.945**	**307**	**5**	2.257
Accumulated depreciation				
Balance January 1	(1.312)	(232)	-	(1.544)
Depreciation for the year	(149)	(15)	-	(164)
Disposed / Outlaid assets	-	-	-	-
Balance December 31	**(1.461)**	**(247)**	**-**	(1.708)
Net book value December 31	**484**	**60**	**5**	**549**

Note 6.1

(in thousand denars)

Intangible assets

	2022	**2021**
Supply values		
Balance January 1	172	172
New supplies	-	-
Disposed assets	-	-
Balance December 31	172	172
Depreciation		
Balance January 1	(87)	(66)
Current depreciation	(20)	(21)
Disposed assets	-	-
Balance December 31	(107)	(87)
Current value at 31.12	**65**	**85**

Note 7

(in thousand denars)	2022	2021
Accounts receivables	**-**	**-**

Note 8

(in thousand denars)	2022	2021
Other receivables	**-**	**-**

Note 9

(in thousand denars)	2022	2021
Monetary assets	**4.286**	**12.097**
Gyro account	1.346	5.594
Foreign exchange accounts	2.940	6.503

Note 10

(in thousand denars)	2022	2021
Prepaid expenses and undue collection of income	**-**	**-**

Note 11

(in thousand denars)	2022	2021
Accounts payable	**-**	**-**

Note 12

(in thousand denars)	2022	2021
Other liabilities	**-**	**-**

Note 13

(in thousand denars)	2022	2021
Accruals	**4.286**	**12.097**
Part of the income surplus for transfer in next year	4.286	12.097