

REAC-IOR
research in action

Association of citizens “Reactor – research in action” Skopje

FINANCIAL STATEMENTS

for the year ended on 31 December 2013

with

INDEPENDENT AUDITOR'S REPORT

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GENERAL DATA

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President:

Damjan Zdravev

Banks:

NLB Tutunska Banka AD Skopje

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 include the balance sheet as of 31 December 2013, as well as the income statement 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.

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, 2013 and its financial success for the year ended on that date, in accordance with the Law on Accounting for nonprofit organizations.

Report on Compliance with Grant Contracts


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, 15.01.2016

Certified Auditor
Stojan Jordanov

A blue ink signature of Stojan Jordanov, consisting of several loops and a long horizontal stroke.

Audit Company
RSM MAKEDONJA DOOEL Skopje
Certified Auditor
Stojan Jordanov

A blue ink signature of Stojan Jordanov, consisting of several loops and a long horizontal stroke.

PROFIT AND LOSS STATEMENT

		Year ended 31 Dec	
(in thousand denars)	Note	2013	2012
INCOME			
Income from donations	4	7.157	10.574
Interest and exchange gains	4	53	4
Profits/losses carried from previous years	4	3.425	2.551
TOTAL INCOME		10.635	13.129
EXPENSES			
Operating expenditures	5	(6.912)	(9.704)
TOTAL EXPENSES		(6.912)	(9.704)
Income surplus before tax/ (uncovered expenses before tax)		3.723	3.425
Tax on unrecognized costs		-	-
Income surplus / (uncovered expenses)		3.723	3.425


Damjan Zdravev
president

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BALANCE SHEET

		Year ended on 31 Dec	
(in thousand denars)	Note	2013	2012
ASSETS			
<u>Long-term assets</u>		202	196
Tangible assets	6	195	186
Intangible assets	7	7	10
<u>Current assets</u>		9.139	3.448
Short-term financial receivables		62	116
Cash	8	3.750	3.332
Prepaid expenses		5.327	-
<u>Uncovered expenses</u>		-	-
TOTAL ASSETS		9.341	3.644
FUNDS AND LIABILITIES			
<u>Funds and reserve</u>		114	195
Business fund		67	148
Revaluation reserves		47	47
<u>Current liabilities</u>		5.505	24
Accounts payable		178	24
Liabilities from received donations in cash from international organizations		5.327	-
<u>ACCRUALS</u>		3.722	3.425
Transfer of surplus of revenues for the next year		3.722	3.425
TOTAL FUNDS AND LIABILITIES		9.341	3.644


Damjan Zdravev
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. Franklin Ruzvelt 46-2/8 SKOPJE - CENTAR, SKOPJE
Date of foundation	25.01.2005
Tax number	4030005548897

2. BASES FOR PREPARATION OF FINANCIAL STATEMENTS

Reactor prepares its financial statements in compliance with the Law on Accounting for Non-profit Organizations.

The financial statements are prepared according to the accounting principle for modified incurrence of business changes, i.e. transactions. The present Financial Statements are prepared on a cash basis, whereas revenues are recognized when are 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 has no intention and no reason to discontinue the operation in a near future.

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

3. BASIC ACCOUNTING POLICIES

The fundamental accounting policies that have been applied in the preparation of the Financial Statements for year 2013 are presented below.

3.1 Revenue and expense recognition policy

Revenue and expense recognition is performed according to the accounting principle for modified incurrence of business changes, i.e. transactions.

Accounting principle for modified incurrence of business changes, i.e. transactions means recognition of revenues for the accounting period in which they incurred, 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 realized in the accounting period or in a period of 30 days after the accounting period, under the condition that revenues refer to the accounting period and serve to cover the liabilities from that period.

Accounting principle for modified incurrence of business changes, i.e. transactions, means recognition of expenses for the accounting period in which they incurred or in a period of 30 days after the accounting period, under the condition that the payment liability has incurred in that accounting period.

3.2 Cash

Cash consists of cash at hand, cash deposits in a bank and cash deposits in bank in foreign currency accounts.

NOTE 4

	(in thousand denars)	
	2013	2012
Revenues	10.635	13.129
REVENUES FROM INTEREST AND POSITIVE EXCHANGE RATES	53	4
Revenues from interest on bank deposits	1	4
Revenues from positive exchange rates	52	-
REVENUES FROM MEMBERSHIP FEES, GIFTS, DONATIONS AND REVENUES FROM OTHER SOURCES	7.157	10.574
Revenues from membership fees, gifts and donations	7.157	10.574
PROFITS/LOSSES FROM PREVIOUS YEARS	3.425	2.551
Profits/losses from previous years	3.425	2.551

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	2013	2012
EIDHR	-	792
MYLA	-	40
Youth council	-	848
Foundation Open Society Institute	616	1.151
UN Women	-	1.340
TTF (Think tank fund)	2.396	3.228
USAID	1.668	1.984
Information program OSF	1.191	1.191
Network of European Foundations	191	-
US Embassy youth council	759	-
Youth Education Forum	127	-
Center for intercultural dialogue	209	-
TOTAL RECEIVED FUNDS	7.157	10.574

NOTE 5

	<i>(in thousand denars)</i>	
	2013	2012
Expenses	(6.912)	(9.704)
OPERATING EXPENSES, SERVICES AND DEPRECIATION	(3.230)	(2.680)
Supplies	(57)	(2)
Spent energy	(53)	(16)
Other services	(2.623)	(1.943)
Transport services	(272)	-
Advertising, propaganda and representation	(25)	(373)
Rents and utilities	(113)	(209)
Other material expenses	(87)	(137)
OTHER EXPENSES	(1.215)	(4.921)
Bank fee	(45)	(39)
Insurance premium	-	(5)
Business trips and travel expenses	(2)	(163)
Negative currency adjustment costs	(106)	(24)
Membership fees	(2)	(1)
Intellectual and other services	(1.060)	(953)
Other expenses	-	(3.736)
NON-CURRENT AND OTHER ASSETS	-	(204)
Equipment	-	(204)
SALARIES AND CONTRIBUTIONS	(2.467)	(1.899)
Salaries	(2.467)	(1.899)

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

NOTE 6

(in thousand denars)

Tangible assets

	013	015	
2012	Equipment	Furniture	Total
<u>Cost</u>			
Balance January 1	336	130	466
Additions	226	-	226
Disposals	-	-	-
Balance December 31	562	130	692
<u>Accumulated depreciation</u>			
Balance January 1	(323)	-	(323)
Depreciation for the year	(158)	(25)	(183)
Disposals	-	-	-
Balance December 31	(481)	(25)	(506)
Net book value December 31	81	105	186

	Equipment	Furniture	Вкупно
2013			
<u>Cost</u>			
Balance January 1	562	130	692
Additions	-	88	88
Disposals	-	-	-
Balance December 31	562	218	780
<u>Accumulated depreciation</u>			
Balance January 1	(481)	(25)	(506)
Depreciation for the year	(54)	(25)	(79)
Disposals	-	-	-
Balance December 31	(535)	(50)	(585)
Net book value December 31	27	168	195

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)

Intangible assets

	2013	2012
Supply values		
Balance January 1	13	13
New supplies	-	-
Disposed assets	-	-
Balance December 31	13	13
Depreciation		
Balance January 1	(3)	-
Current depreciation	(3)	(3)
Disposed assets	-	-
Balance December 31	(6)	(3)
Current value at 31.12	7	10

NOTE 8

(in thousand denars)

	2013	2012
Monetary assets	3.750	3.332
Cash in bank	1.168	1.417
Foreign currency account	2.548	1.915
Other cash	34	-

The monetary assets at the end of year 2013 stand in the amount of 3.750 thousand denars and are sum of the assets on the bank account of the association in a commercial bank.