Audit & Business Advisory

Center for Research and Policy Making – CRPM, Skopje

Financial Statements for the Year Ended 31 December 2018 and

Independent Auditor's Report

A member of mgiworldwide

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To:
The Management of
Center for Research and Policy Making - CRPM
Skopje

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Center for Research and Policy Making - CRPM (in the following text "the Association"), which comprise the Balance Sheet as of 31 December 2018, the Statement of Revenues and Expenses and Statement of Changes in Funds for the year then ended and a summary of 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 Accounting Law for Non-profit Organizations and the standards for reporting under the cash basis of accounting. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and far 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 and opinion on these financial statements based on our audit. We conducted our audit in accordance with the Auditing Standards applicable in the Republic of Macedonia[1]. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In 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 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.

[1] International Standards on Auditing ("ISA") issued by the International Auditing and Assurance Standards Board (IAASB), which are in effect from 15 December 2009, translated and published in Official Gazette of RM no. 79 from 2010

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To:
The Management of
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INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's opinion

In our opinion, the financial statements of the Center for Research and Policy Making – CRPM, give a true and fair view, in all material aspects, of the financial position of the Association as of 31 December 2018, as well as the operating results and the changes in the funds for the year than ended, in accordance with the Accounting Law for Non-profit Organizations and standards for reporting under the cash basis of accounting.

Certified Auditor, Partner

Darko Kalin

Director

Darko Kalin

18 July 2019

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STATEMENT OF REVENUES AND EXPENSES
For the Year Ended 31 December 2018 and 2017
In MKD thousands

	Notes	2018	2017
Granted donations and other revenues	4	10.386	10.770
Financial revenues	5	97	8
Transferred surplus of revenue from the previous year		9.086	9.335
TOTAL REVENUES		**19.569**	**20.113**
Material costs and services	6	2.378	2.637
Expenses for employees	7	4.106	3.774
Capital expenses	8	88	-
Other operating expenses	9	6.467	4.616
TOTAL EXPENSES		**13.039**	**11.027**
Surplus of revenues over expenses before taxes		**6.531**	**9.086**
Income Tax		-	**-**
Surplus of revenues over expenses after taxation		**6.531**	**9.086**

The accompanying notes form an integral part of these financial statements.

The accompanying financial statements were authorised for issue by the management of the Association and were signed on its behalf by:

_____

Marija Risteska

Executive Director

BALANCE SHEET
As of 31 December 2018 and 2017
In MKD thousands

	Notes	31 December 2018	31 December 2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	145	140
Non-material assets	11	18	3
		163	**143**
CURRENT ASSETS			
Cash and cash equivalents	12	6.500	9.086
Prepayments	13	84	84
Total Current Assets		**6.584**	**9.170**
TOTAL ASSETS		**6.747**	**9.313**
LIABILITIES AND OPERATING FUND			
OPERATING FUND			
Operating Fund		163	143
Surplus of revenues over expenses after taxation		6.531	9.086
Total Operating Fund	14	**6.694**	**9.229**
CURRENT LIABILITIES			
Other current liabilities	15	**52**	84
Total Current Liabilties		**52**	**84**
TOTAL LIABILITIES AND FUNDS		**6.746**	**9.313**

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN OPERATING FUND
For the Year Ended 31 December 2018 and 31 December 2017
In MKD thousands

	Operating Fund	Surplus of revenues over expenses	TOTAL
Balance as of 1 January 2017	**204**	**9.336**	**9.540**
Transferred surplus of revenues over expenses from previous year	-	(9.336)	**(9.336)**
Depreciation for the year	(61)	-	**(61)**
Surplus of revenues over expenses	-	9.086	**9.086**
Balance as of 31 December 2017	**143**	**9.086**	**9.229**
Transferred surplus of revenues over expenses from previous year	-	(9.086)	**(9.086)**
Purchases	88	-	**88**
Depreciation for the year	(68)	-	**(68)**
Surplus of revenues over expenses	-	6.531	**6.531**
Balance as of 31 December 2018	**163**	**6.531**	**6.694**

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018
All amounts are expressed in MKD thousand, unless otherwise stated

1. ESTABLISHMENT AND ACTIVITY

Center for Research and Policy Making is association of citizens established at 15.03.2004 according to the Law of Associations of Citizens and Foundations (Official Gazette of RM No.31/98). The Association is registered in the register of the Association of Citizens and Foundations with Registration No. 5880378.The Association operates in accordance with the Law of Associations of Citizens and Foundations (Official Gazette of RM No.31/98) and a Statute.

The Center for Research and Policy Making is an organization that has a mission to promote good governance and development in Macedonia on the basis of relevant, evidence based policy research, capacity building and trainings, evaluations, analyses and surveys, without regard to and independently of any group of the society, either political, social or economic.

The Association is located in Skopje, with address str. Cico Popovic no.6-2/9, Skopje- Center. The total number of the employees as of 31 December 2018 amounts 7 employees (31 December 2017 was 6 employees).

2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Association are conducted in accordance with the Non-Profit Organization Accounting Law and the International accounting standards for the public sector on cash basis published in the Republic of Macedonia for presentation of the balance sheet items, balances of the assets, liabilities, sources of the assets, revenues and expenses, and the operating results on true, fair, confidential, complete, punctual basis. The amounts in the statements and the notes are stated in thousands of MKD, except when otherwise indicated in the text.

The comparative figures for the year ended 31 December 2017 are presented as audited.

3. BASIC ACCOUNTING POLICIES

The basic accounting policies used for preparation of the financial statements are listed in the following text.

3.1 Cash and cash equivalents

The Association’s cash comprises of the cash on hand and the cash on bank account in the commercial banks. Money at the cash account and at the bank accounts stated in domestic currency are presented in the general ledger at their nominal value, while the foreign exchange currency is stated according to the exchange rate of NBRM at the reporting date.

3.2 Material and non-material investments

Material and non-material investments (fixed assets) are stated at their cost value. The cost of the fixed assets comprise the purchasing price increased for the import customs, non-refundable VAT, manipulative expenses and all other expenses that can be added to the cost, i.e. to the purchasing expenses. The operating fund of the Association increases for the amount of the value of fixed assets purchased. The revaluation of fixed assets (tangible and intangible assets), is performed because of additional valuation due to the increase of the annual inflation rate, measured with the official industrial product price index. Revaluation basis is the cost of the assets. Revaluated value of the assets is determined by indexing.

3. BASIC ACCOUNTING POLICIES (Continued)

3.3 Depreciation

Tangible and intangible assets (fixed assets) are depreciated using the straight-line method, so their cost and revaluated amount are depreciated in equal annual amounts during the estimated utilization period of the fixed assets.

The amount of the current depreciation is recorded on the burden of the operating fund.

The depreciation rates, applied by the Association in 2018 are as follows: 15% for vehicles, 15% - 20% for equipment and 20% for software.

The calculation of the depreciation is performed separately for each item, and not for groups of assets.

3.4 Recognition of the revenues and expenses

Revenues and expenses of the non-profit Associations are recognized according to the modified accrual basis of accounting.

According to the modified accrual basis of accounting the revenues i.e. expenses are recognized in the accounting period of calculation in which they appear under criteria of measurement and availability. Revenues i.e. expenses are measurable when they can be stated by their value. Revenues i.e. expenses are available when they are realized, i.e. when they appear (paid) in the accounting period or within the period of 30 days after the accounting period, under condition to be related to the accounting period and serve for payment of the liabilities for the period (if liabilities for payment appear in the accounting period).

3.5 Income tax

(a) Current Income Tax

Current income tax represents an amount that is calculated and paid in accordance with the effective Profit Tax Law of the Republic of Macedonia. Income tax is payable at the rate of 10% on the tax base reported in the annual corporate income tax return as reduced by any applicable tax credits. The tax base stated in the income tax return includes profit for the year increased for unrecognized expenses, taxable income from related parties and unclosed balances of loans given, in accordance with the regulations in the Income Tax Law, decreased for any tax reliefs.

(b) Deferred taxes

Deferred taxes are recognized in cases of differences between the carrying amounts of assets and the liabilities in the financial statements and the carrying amounts as per tax regulations and are reported using the balance sheet liability method. Deferred tax liabilities are recognised for all deductible temporary differences given that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. In these financial statements, there are no temporary tax differences.

3. BASIC ACCOUNTING POLICIES (Continued)

3.6 Amounts stated in foreign currency

The transactions in foreign currency are stated in MKD according to the Official exchange rate of NBRM 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.

The average (closing) exchange rates of the denar related to the foreign exchange currencies (for one unit of foreign exchange currency) as of 31 December are as follows:

In MKD	31 December 2018	31 December 2017
USD	53.6887 Denars	51,2722 Denars
EUR	61.4950 Denars	61,4907 Denars
CHF	54.7742 Denars	52,5472 Denars

4. GRANTED DONATIONS AND OTHER REVENUES

	2018	2017
Revenues from donations	9.900	9.608
Other revenues	486	1.162
Total	**10.386**	**10.770**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018
All amounts are expressed in MKD thousand, unless otherwise stated

Breakdown of granted donations by donors:

	2018
UNDP	597
GIZ	239
Hedayah Center of Excellence / EU	1748
OSCE	76
Coalition Sega / USAID	74
Embassy of France	243
Glocal Development Network	205
MCIC / Swiss development cooperation	155
Conseil de L'Europe	1560
Asotiatia Institutl Pentru Buk / EU	945
CPCS / EU	1223
Center for Economic Development / EU	258
CEI	289
BFPE / EU	37
Alpha center / RYCO	69
Regional Cooperation Council / EU	1494
Konrad Adenauer Stiftung	188
Others	501
Вкупно	**9.900**

5. FINANCIAL REVENUES

	2018	2017
Foreign exchange gains	97	8
Total	**97**	**8**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018
All amounts are expressed in MKD thousand, unless otherwise stated

6. MATERIAL EXPENSES AND SERVICES

	2018	2017
Other material expenses	1.454	1.335
Rent	521	433
Cost of materials	140	140
Transportation	127	311
Utilities	113	88
Expenses for Marketing and Representation	23	284
Maintenance	-	46
Total	**2.378**	**2.637**

7. EXPENSES FOR EMPLOYEES

	2018	2017
Salaries	4.106	3.774
Total	**4.106**	**3.774**

8. CAPITAL EXPENSES

	2018	2017
Equipment	88	-
Total	**88**	**-**

9. OTHER OPERATING EXPENSES

	2018	2017
Intellectual services	3.232	2.620
Transferred funds	2.112	1.697
Per diems and travel costs	630	173
Taxes	360	61
Bank charges	72	46
Foreign exchange losses	52	8
Other operating expenses	9	11
Total	**6.467**	**4.616**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018
All amounts are expressed in MKD thousand, unless otherwise stated

10. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment	Total
Cost as of 1 January 2017	**708**	**708**
Additions 2017	-	-
Balance as of 31 December 2017	**708**	**708**
Additions 2018	71	71
Balance as of 31 December 2018	**779**	**779**
ACCUMULATED DEPRECIATION		
as of 1 January 2017	**509**	**509**
Depreciation 2017	59	59
Balance as of 31 December 2017	**568**	**568**
Depreciation 2018	66	66
Balance as of 31 December 2018	**634**	**634**
Net book value as of:		
- **31 December 2017**	**140**	**140**
- **31 December 2018**	**145**	**145**

11. NON- MATERIAL ASSETS

As of 31 December 2018 the association has non-material assets - software at the amount of 18 thousand of MKD (2017: 3 thousand of MKD). The value at cost is 25 thousand of MKD, while the accumulated depreciation is 7 thousand of MKD (2017: the value at cost is 9 thousand of MKD and accumulated depreciation is 6 thousand of MKD).

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018
All amounts are expressed in MKD thousand, unless otherwise stated

12. CASH AND CASH EQUIVALENTS

	2018	2017
Bank account	1.122	2.087
Foreign currency bank account	5.328	6.967
Other accounts	48	-
Petty cash	2	32
Total	**6.500**	**9.086**

13. PREPAYMENTS

	2018	2017
Prepayments	84	84
Total	**84**	**84**

14. OPERATING FUND

	2018	2017
Operating fund	163	143
Surplus of revenues over expenses after taxation	6.531	9.086
Total	**6.694**	**9.229**

The changes in the Operating fund are stated in the Statement of changes in the operating funds on page 5.

15. OTHER CURRENT LIABILITIES

	2018	2017
Other current liabilities	52	84
Total	**52**	**84**

16. OFF-BALANCE RECORDS

As of 31 December 2018, the Association has no off-balance sheet exposure.

17. SUBSEQUENT EVENETS

After 31 December 2018 – reporting date, until the day of the approval of these financial statements, there are no material subsequent events that would have an impact on understanding of financial statements.