



**Finance Think Citizen's
Association, Skopje**

Financial Statements for the Year Ended
31 December 2017 and

Independent Auditor's Report

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To:
The Management of
Finance Think Citizen's Association
Skopje

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Finance Think Citizen's Association (in the following text "the Association"), which comprise the Balance Sheet as of 31 December 2017, 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 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 the Auditing Standards applicable in the Republic of Macedonia¹. 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

To:
The Management of
Finance Think Citizen's Association
Skopje

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's opinion

In our opinion, the financial statements of the Finance Think Citizen's Association, give a true and fair view, in all material aspects, of the financial position of the Association as of 31 December 2017, 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

29 June 2018

BALANCE SHEET
As of 31 December 2017 and 2016
In MKD thousands

	Notes	2017	2016
Granted donations	4	16.727	22.796
Revenue from financing	5	2	-
Other revenues	6	373	-
Transferred surplus of revenue from the previous year		6.249	-
TOTAL REVENUES		23.351	22.796
Material expenses and services	7	(2.090)	(2.185)
Operating expenses	8	(10.023)	(11.358)
Capital expenses	9	(21)	-
Expenses for employees	10	(4.218)	(3.004)
TOTAL EXPENSES		(16.352)	(16.547)
Surplus of revenues over expenses before taxes		6.999	6.249
Income Tax		-	-
Surplus of revenues over expenses after taxation		6.999	6.249

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:

Blagica Petreski

President

BALANCE SHEET
As of 31 December 2017 and 2016
In MKD thousands

	Notes	31 December 2017	31 December 2016
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	259	305
		259	305
CURRENT ASSETS			
Cash and cash equivalents	12	7.019	6.249
Other current assets	13	13	-
Prepayments	14	13	-
		7.045	6.249
TOTAL ASSETS		7.304	6.554
LIABILITIES AND OPERATING FUND			
OPERATING FUND			
Operating Fund	15	259	305
Surplus of revenues over expenses after taxation		6.999	6.249
		7.258	6.554
CURRENT LIABILITIES			
Accounts payable	16	14	-
Other current liabilities	17	7	-
Accruals	18	25	-
		46	-
TOTAL LIABILITIES AND FUNDS		7.304	6.554

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

BALANCE SHEET
As of 31 December 2017 and 2016
In MKD thousands

	Operating Fund	Surplus of revenues over expenses	TOTAL
Balance as of 1 January 2016	284	-	284
Transferred surplus of revenues over expenses from previous year	-	-	-
Additions	75	-	75
Depreciation for the year	(54)	-	(54)
Surplus of revenues over expenses for 2016	-	6.249	6.249
Balance as of 31 December 2016	305	6.249	6.554
Transferred surplus of revenues over expenses from previous year	-	(6.249)	(6.249)
Additions	21	-	21
Revaluation	6	-	6
Depreciation for the year	(71)	-	(71)
Revaluation of depreciation	(2)	-	(2)
Surplus of revenues over expenses	-	6.999	6.999
Balance as of 31 December 2017	259	6.999	7.258

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

1. ESTABLISHMENT AND ACTIVITY

Citizens' Association Finance Think was founded on 14.12.2012. The association is registered in the register of Associations and Unions under the number 6838804. Finance Think is an independent and non-profit institute for economic research and policy whose mission is to improve the impact of economic and social trends and policies on citizens in Macedonia and the Western Balkans region through economic research, evidence-based and data-driven advocacy, and encouraging a critical debate on economic processes. Research helps policy makers, policy advocates, opinion makers, journalists and the public understand the issues affecting ordinary citizens. Programmatic domains in which the Association is active are: poverty, employment and skills, fiscal transparency and accountability, gender and income inequalities, social entrepreneurship and women, migration and remittances, sectoral economic policies.

The management of the Association is comprised of the Assembly, the Executive Board and the Advisory Board.

The headquarters of the Association is located in Skopje, at ul. Frederick Chopin no. 1/2 Skopje, Kisela Voda. The total number of employees on December 31, 2017 is 8 employees (December 31, 2016 - 8 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 2016 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

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 2017 are as follows: 15% for vehicles, 20% for computer equipment, 16% for air conditioners 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.

The Organization does not calculate income tax due to the reason that it only operates with project related funds and costs performed are for project purpose only.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

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	2017	2016
EUR	61,4907	61,4812
USD	51,2722	58,3258
CHF	52,5472	57,2504

4. GRANTED DONATIONS

	2017	2016
Revenues from donations	16.727	22.796
Total	16.727	22.796

Breakdown of granted donations by donors:

	2017
British Embassy, Skopje	7.518
MCMS, Skopje	998
Universite de Fribourgh - Avenue de EU	1.378
Stifung Open Society - Austria Viena	2.750
Analitika CDI BiH	90
Segretariato Esecutivo DELLIN Seviwa -Xe	182
East West Institute for management	910
International labour office	271
Institut za evropska politika VEBER (EPI)	261
Family and Childcare Centre (KMOP)	1.056
Partnersip for economics policy	520
Economic Social Analytics	62
Deutsche Gesellschaft Fuer	35
PVR vo senka: Prom.na kreir.pol.	432
International Bank for Reconstruction	264
Total	16.727

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

5. REVENUE FROM FINANCING

	<u>2017</u>	<u>2016</u>
Revenue from interest and exchange rate differences	2	-
Total	<u>2</u>	<u>-</u>

6. OTHER REVENUES

	<u>2017</u>	<u>2016</u>
Revenues from services	372	-
Other revenues	1	-
Total	<u>373</u>	<u>-</u>

7. MATERIAL EXPENSES AND SERVICES

	<u>2017</u>	<u>2016</u>
Office materials	247	158
Electricity, telephone and utilities costs	76	53
Maintenance	425	-
Other services	671	26
Transport	55	393
Marketing	276	1.386
Rent	335	169
Other costs	5	-
Total	<u>2.090</u>	<u>2.185</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

8. OPERATING EXPENSES

	2017	2016
	<u> </u>	<u> </u>
Bank charges	162	63
Per diems and travel costs	227	1.020
Exchange rates	59	-
Intellectual services	5.885	7.957
Taxes	367	7
Transferred funds	3.115	2.060
Other expenses	208	251
Total	10.023	11.358
	<u> </u>	<u> </u>

9. CAPITAL EXPENSES

	2017	2016
	<u> </u>	<u> </u>
Equipment	21	-
Total	21	-
	<u> </u>	<u> </u>

10. EXPENSES FOR EMPLOYEES

	2017	2016
	<u> </u>	<u> </u>
Salaries	4.218	3.004
Total	4.218	3.004
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

11. PROPERTY, PLANT AND EQUIPMENT

	Office equipment, furniture, vehicles	Total
Cost as of 1 January 2016	329	329
Additions	75	75
Balance as of 31 December 2016	404	404
Additions	21	21
Revaluation	6	6
Balance as of 31 December 2017	431	431
Accumulated depreciation		
as of 1 January 2016	45	45
Depreciation 2016	54	54
Balance as of 31 December 2016	99	99
Depreciation 2017	71	71
Revaluation of depreciation	2	2
Balance as of 31 December 2017	172	172
Net book value as of:		
- 31 December 2016	305	305
- 31 December 2017	259	259

12. CASH AND CASH EQUIVALENTS

	2017	2016
Bank account	5.354	5.385
Petty cash	5	-
Foreign currency bank account	1.660	864
Balance at 31 December	7.019	6.249

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

13. OTHER CURRENT ASSETS

	<u>2017</u>	<u>2016</u>
Other receivables	13	-
Balance at 31 December	13	-

14. PREPAYMENTS

	<u>2017</u>	<u>2016</u>
Prepayments	13	-
Balance at 31 December	13	-

15. OPERATING FUND

	<u>2017</u>	<u>2016</u>
Operating fund	259	305
Current surplus of revenues over expenses	6.999	6.249
Balance at 31 December	7.258	6.554

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

16. ACCOUNTS PAYABLE

	<u>2017</u>	<u>2016</u>
Accounts payable	14	-
Balance at 31 December	14	-

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

17. OTHER CURRENT LIABILITIES

	<u>2017</u>	<u>2016</u>
Taxes	7	-
Balance at 31 December	<u>7</u>	<u>-</u>

18. ACCRUALS

	<u>2017</u>	<u>2016</u>
Deferred expenses	12	-
Other accruals	13	-
Balance at 31 December	<u>25</u>	<u>-</u>

19. OFF-BALANCE RECORDS

As of 31 December 2017, the Association has no off-balance sheet exposure.

20. SUBSEQUENT EVENETS

There are no material subsequent events that would have an impact on understanding of financial statements.