

# Finance Think – Economic Research and Policy Institute, Skopje

Financial Statements for the Year Ended 31 December 2024 and

**Independent Auditor's Report** 





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To:
The Management of
Finance Think economic research and policy institute, Skopje

#### INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial state ments of Finance Think Economic Research and Policy Institute, Skopje (in the following text "the Institute"), which comprise the Balance Sheet as of 31 December 2024, 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 North Macedonia<sup>1</sup>. 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.

<sup>&</sup>lt;sup>1</sup> 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 economic research and policy institute, Skopje

#### **INDEPENDENT AUDITOR'S REPORT (Continued)**

#### Auditor's opinion

In our opinion, the financial statements of Finance Think, give a true and fair view, in all material aspects, of the financial position of the Institute as of 31 December 2024, 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

Lacest

Darko Kalin

27 May 2025

### STATEMENT OF REVENUES AND EXPENSES As of 31 December 2024 and 2023

In MKD thousands

	Notes	2024	2023
Granted donations	4	12.291	17.744
Revenue from financing	5	753	1
Other revenues	6	5.612	7.385
Transferred surplus of revenue from the previous year		4.936	4.459
TOTAL REVENUES		23.592	29.589
	•		
Material expenses and services	7	(1.992)	(3.046)
Operating expenses	8	(14.635)	(12.840)
Capital expenses	9	(226)	(135)
Expenses for employees	10	(4.259)	(3.731)
TOTAL EXPENSES		(21.112)	(19.752)
Surplus of revenues over expenses before taxes		2.480	9.837
Income Tax	11	46	64
Surplus of revenues over expenses after taxation		2.434	9.774

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

The accompanying financial statements were authorised for issue by the management of the Institute as of 25.02.2025 and were signed on its behalf by:

Blagica Petreski

Chief Economist (CEO)

	Notes	2024	2023
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	643	559
	_	643	559
CURRENT ASSETS	_		
Cash and cash equivalents	13	10.697	9.513
Accounts receivable	14	-	3.092
Other receivable	14	12.043	12.804
	_	22.740	25.408
TOTAL ASSETS		23.383	25.968
LIABILITIES AND OPERATING FUND OPERATING FUND			
Operating Fund		643	559
Surplus of revenues over expenses after taxation		2.434	9.774
	16	3.077	10.333
CURRENT LIABILITIES			
Accounts payable	17	258	8
Other current liabilities	18	81	310
Accruals	19	19.967	15.317
	_	20.306	15.635
TOTAL LIABILITIES AND FUNDS	_	23.383	25.968

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

#### Finance Think economic research and policy institute, Skopje

#### STATEMENT OF CHANGES IN OPERATING FUND For the Year Ended 31 December 2024 and 31 December 2023 In MKD thousands

	Operating Fund	Surplus of revenues over expenses	Total
Balance as of 1 January 2023	590	8.708	9.299
Transferred surplus of revenues over expenses from previous year	-	(8.708)	(8.708)
Additions	135	-	135
Revaluation	-	-	-
Depreciation for the year	(165)	-	(165)
Revaluation of depreciation	(1)	-	(1)
Surplus of revenues over expenses	-	9.774	9.774
Balance as of 31 December 2023	559	9.774	10.333
Transferred surplus of revenues over expenses from previous year	-	(9.774)	(9.774)
Additions	235	-	235
Revaluation	91	-	91
Depreciation for the year	(175)	-	(175)
Revaluation of depreciation	(68)	-	(68)
Surplus of revenues over expense	<u> </u>	2.434	2.434
Balance as of 31 December 2024	643	2.434	3.077

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

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2024 All amounts are expressed in MKD thousand, unless otherwise stated

#### 1. ESTABLISHMENT AND ACTIVITY

Finance Think is an independent and non-for-profit economic research and policy institute, founded on 14.12.2012. The institute 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 North 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 Institute is active are: poverty, employment and skills, fiscal transparency and accountability, gender and income inequalities, social entrepreneurship and women, migration and remittances, sectorial economic policies.

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

The headquarters of the Institute is located in Skopje, at ul. Frederick Chopin no. 1/2 Skopje, Kisela Voda. The total number of employees on December 31, 2024 is 6 employees (December 31, 2023 - 5 employees).

#### 2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Institute 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 North 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.

#### 3. BASIC ACCOUNTING POLICIES

These financial statements are prepared in accordance with the terms set in the Law for accounting of the non-for-profit organizations (Official Gazette of RM no.24/2003, 17/2011, C court 80.2005, 154/2015), the Rulebook for accounting of non-for-profit organizations (Official Gazette of RM no. 42/2003, 8/2009, 12/2009, 175/2011), the Rulebook for accounting nomenclature and financial statements of non-for-profit organizations (Official Gazette of RM no. 117/2005, 11/2006) and the Rulebook of the content of accounts of the accounting nomenclature of the non-for-profit organizations (Official Gazette of RM no.117/2005).

Financial statement is prepared for the years ended 31 December 2024 and 2023. Operational and reporting currency of the Institute is the Macedonian Denar. Current and comparative data presented in these financial statements are stated in thousands of MKD, except stated otherwise.

#### 3.1 Cash and cash equivalents

The Institute's cash comprises 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.

#### Finance Think economic research and policy institute, Skopje

#### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

All amounts are expressed in MKD thousand, unless otherwise stated

#### 3. BASIC ACCOUNTING POLICIES (continued)

#### 3.2 Material and non-material investments

Classified as material and non-material assets are:

- Assets kept for performing the activity
- Assets which are expected to be used more than one financial period and whose separate value at the moment of purchase is higher than 300 EUR in Macedonian denar counter-value.

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 purchase related costs. The operating fund of the Foundation 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. Sources of funding of the Foundation are increased for the amount of the material and non-material assets. Material and Non-Material assets are recognized as capital expenditure at the moment when they occur (payment).

All other continuous maintenance is evidenced as cost in the Statement of Revenues and Expenses during the period in which they occur.

#### 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 depreciation rates, applied by the Institute in 2024 are as follows: 20% for computer equipment, 16% for air conditioners, 14% for TV and 12% for furniture.

The amount of the current depreciation is recorded on the burden of the operating fund. The calculation of the depreciation is performed separately for each item, and not for groups of assets.

#### 3.4. Receivables

Receivables are recognized at their nominal value in the accounting document in accordance with the agreed amount, decreased for the valuation allowance.

#### 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 North Macedonia. Income tax is payable at the rate of 1% on the amount of revenues generated from operations above the threshold of 1 million.

#### 3. BASIC ACCOUNTING POLICIES (Continued)

#### (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.

#### 3.6 Sources of funding

Sources of funding are valued at the amount of assets and revaluation reserve.

#### 3.7 Liabilities

Liabilities to suppliers, employees, salaries, taxes and other current liabilities are stated at their nominal value. Liabilities in other currencies are stated at mid-exchange rate of NBRM.

#### 3.8 Recognition of the revenues and expenses

Revenues and expenses of the non-profit Institutes 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).

#### 3.9 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	2024	2023
EUR	61,4950	61,4950
GBP	74,1350	70,7612
USD	58,8807	55,6516
CHF	65,1775	66,4093

#### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

All amounts are expressed in MKD thousand, unless otherwise stated

#### 4. GRANTED DONATIONS

	2024	2023
Revenues from donations	12.291	17.744
Total	12.291	17.744

In the course of 2024, revenues from the following donors were realized:

#### Breakdown of granted donations by donors:

Donor	2024
Macedonian Center for International Cooperation (MCIC)	1.680
Foundation Open Society-Macedonia	2.754
British Embassy Skopje	2.306
People Powered - Global Hub for Participatory Democracy	114
International Budget Partnership	408
Centar za promocija na civilni drustva	5.029
Total	12.291

#### 5. REVENUE FROM FINANCING

	2024	2023
Revenue from interest	377	-
Revenue from exchange rate differences	376	1
Total	753	1

All amounts are expressed in MKD thousand, unless otherwise stated

6. OTHER REVENUES		
	2024	2023
Revenues from services	5.612	7.385
Total	5.612	7.385
7. MATERIAL EXPENSES AND SERVICES		
	2024	2023
Office materials	116	210
Electricity, telephone and utilities costs	66	34
Maintenance	69	126
Other services	1.096	1.749
Transport	107	97
Marketing	45	15
Rent	491	806
Other costs	3	9
Total	1.992	3.046
8. OPERATING EXPENSES		
	2024	2023
Bank charges	88	81
Per diems and travel costs	176	467
Exchange rates	218	163
Intellectual services	6.288	7.199
Taxes	37	26
Transferred funds	7.511	4.837
Other expenses	317	67
Total	14.635	12.840
9. CAPITAL EXPENSES		
	2024	2023
Equipment	226	135
Total	226	135

#### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

All amounts are expressed in MKD thousand, unless otherwise stated

#### 10. EXPENSES FOR EMPLOYEES

	2024	2023
Salaries	4.259	3.731
Total	4.259	3.371

#### 11. INCOME TAX

Adjustments of income tax and surplus of revenues over expenses multiplied by the prescribed rate income tax

		2024	2023
1	Sales	-	-
2	Revenues from services	5.612	7.387
3	Revenues from rents	-	-
4	Own revenues	-	-
5	Total revenues from operations	5.612	7.387
6	Tax base reliefs	1.000	1.000
7	Tax base	4.612	6.387
8	Income tax of 1%	46	64

The Institute has not made reservations on the deferred tax assets in these financial statements because the Institute does not have reasonable certainty to determine the level of the tax asset used in future.

All amounts are expressed in MKD thousand, unless otherwise stated

#### 12. PROPERTY, PLANT AND EQUIPMENT

Cost as of 1 January 2023	1.528	1.528
Additions	134	134
Revaluation	1	1
Balance as of 31 December 2023	1.663	1.663
Additions	235	235
Revaluation	91	91
Balance as of 31 December 2024	1.989	1.989
Accumulated depreciation as of 1 January 2023	937	937
Depreciation 2023	166	166
Revaluation of depreciation for 2023	1	1
Balance as of 31 December 2023	1.104	1.104
Depreciation 2024	175	175
Revaluation of depreciation for 2024	68	68
Balance as of 31 December 2024	1.346	1.346
Net book value as of:		
31 December 2023	559	559
31 December 2024	643	643
13. CASH AND CASH EQUIVALENTS		
	2024	2023
Bank account	5.383	5.014
Petty cash	8	2
Foreign currency bank account	5.307	4.497
Balance at 31 December	10.697	9.513
14. ACCOUNTS RECEIVABLE		
	2024	2023
Accounts receivable-domestic	-	283
Accounts receivable-foreign	-	2.809
Balance at 31 December	-	3.092

#### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

All amounts are expressed in MKD thousand, unless otherwise stated

#### 15. OTHER RECEIVABLE

	2024	2023
Receivables from employees	25	-
Short-term credits, deposits and loans	12.000	12.800
Receivable for paid value added tax	18	4
Balance at 31 December	12.043	12.804

#### 16. OPERATING FUND

	2024	2023
Operating fund	643	559
Current surplus of revenues over expenses	2.434	9.774
Balance at 31 December	3.077	10.333

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

#### 17. ACCOUNTS PAYABLE

	2024	2023
Accounts payable	258	8_
Balance at 31 December	258	8

#### 18. OTHER CURRENT LIABILITIES

	2024	2023
VAT	-	246
Tax liabilities, liabilities under a work contract	24	-
Liabilities for taxes and profit contributions	46	64
Liabilities for employees	5	-
Other liabilities	6	-
Balance at 31 December	81	310

#### Finance Think economic research and policy institute, Skopje

#### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2024

All amounts are expressed in MKD thousand, unless otherwise stated

#### 19. ACCRUALS

	2024	2023
Other accruals	19.967	15.317
Balance at 31 December	19.967	15.317

#### 20. OFF-BALANCE RECORDS

As of 31 December 2024, the Institute has no off-balance sheet exposure.

#### 21. SUBSEQUENT EVENETS

After 31 December 2024 – the reporting date, until the approval of these financial statements, there are no events that are materially significant for disclosure in these financial statements.