

Finance Think – Economic Research and Policy Institute, Skopje

Financial Statements for the Year Ended 31 December 2023 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 2023, 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 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 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 2023, 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

27 May 2025

Director

Darko Kalin

STATEMENT OF REVENUES AND EXPENSES As of 31 December 2023 and 2022 In MKD thousands

	Notes	2023	2022
Granted donations	4	17.744	10.077
Revenue from financing	5	1	582
Other revenues	6	7.385	2.339
Transferred surplus of revenues from the previous year		4.459	7.682
TOTAL REVENUES		29.589	20.681
Material expenses and services	7	(3.046)	(1.071)
Operating expenses	8	(12.840)	(7.096)
Capital expenses	9	(135)	(59)
Expenses for employees	10	(3.731)	(3.731)
TOTAL EXPENSES		(19.752)	(11.957)
Surplus of revenues over expenses before taxes		9.837	8.724
Income Tax	11	64	16
Surplus of revenues over expenses after taxation		9.774	8.708
and taxation			

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 14.03.2024 and were signed on its behalf by:

Blagica Petreski

Chief Economist (CEO)

BALANCE SHEET As of 31 December 2023 and 2022 In MKD thousands

	Notes	2023	2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	559	590
	_	559	590
CURRENT ASSETS	_		
Cash and cash equivalents	13	9.513	22.665
Accounts receivable	14	3.092	-
Other receivable	14	12.804	4
	_	25.408	22.669
TOTAL ASSETS	_ _	25.968	23.259
LIABILITIES AND OPERATING FUND OPERATING FUND			
Operating Fund		559	590
Surplus of revenues over expenses after taxation		9.774	8.708
	16	10.333	9.299
CURRENT LIABILITIES			
Accounts payable	17	8	-
Other current liabilities	18	310	16
Accruals	19	15.317	13.944
	_	15.635	13.960
TOTAL LIABILITIES AND FUNDS	_ _	25.968	23.259

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

STATEMENT OF CHANGES IN OPERATING FUND For the Year Ended 31 December 2023 and 31 December 2022 In MKD thousands

	Operating Fund	Surplus of revenues over expenses	Total
Balance as of 1 January 2022	579	13.761	14.340
Transferred surplus of revenues over expenses from previous year	-	(13.761)	(13.761)
Additions	59	-	59
Revaluation	243	-	243
Depreciation for the year	(136)	-	(136)
Revaluation of depreciation	(155)	-	(155)
Surplus of revenues over expenses	-	8.708	8.708
Balance as of 31 December 2022	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 expense	<u> </u>	9.774	9.774
Balance as of 31 December 2023	559	9.774	10.333

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

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2023 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, 2023 is 5 employees (December 31, 2022 - 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 2023 and 2022. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

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 2023 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.

All amounts are expressed in MKD thousand, unless otherwise stated

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	2023	2022
EUR	61,4950	61,4932
GBP	70,7612	69,3350
USD	55,6516	57,6535
CHF	66,4093	62,4487

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

All amounts are expressed in MKD thousand, unless otherwise stated

4. GRANTED DONATIONS

	2023	2022
Revenues from donations	17.744	10.077
Total	17.744	10.077

In the course of 2023, revenues from the following donors were realized:

Breakdown of granted donations by donors:

Donor	2023
Macedonian Center for International Cooperation (MCIC)	4.386
Foundation Open Society-Macedonia	2.702
AGORA SKOPJE	1.260
UNICEF- USA Office Skopje	4.794
Zdruzenie za unapreduvane na rodovata ednakvost	(35)
Centar za promocija na civilni drustva	4.436
Kvantum PRIMA	41
ISSP - Institute for Strategic Studies and Prognoses	160
Total	17.744

5. REVENUE FROM FINANCING

	2023	2022
Revenue from exchange rate differences	1	582
Total	1	582

All amounts are expressed in MKD thousand, unless otherwise stated

6. OTHER REVENUES

	2000	
	2023	2022
Revenues from services	7.385	2.090
Other revenues	-	249
Total	7.385	2.339
7. MATERIAL EXPENSES AND SERVICES		
	2023	2022
Office materials	210	92
Electricity, telephone and utilities costs	34	24
Maintenance	126	125
Other services	1.749	437
Transport	97	209
Marketing	15	14
Rent	806	168
Other costs	9	3
Total	3.046	1.071
8. OPERATING EXPENSES		
	2023	2022
Bank charges	81	74
Per diems and travel costs	467	336
Exchange rates	163	18
Intellectual services	7.199	3.434
Taxes	26	27
Transferred funds	4.837	3.146
Other expenses	67	61

9. CAPITAL EXPENSES

Total

9. CAPITAL EXPENSES		
	2023	2022
Equipment	135	59
Total	135	59

12.840

7.096

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

All amounts are expressed in MKD thousand, unless otherwise stated

10. EXPENSES FOR EMPLOYEES

	2023	2022
Salaries	3.731	3.731
Total	3.731	3.371

11. INCOME TAX

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

		2023	2022
1	Sales	-	-
2	Revenues from services	7.387	2.597
3	Revenues from rents	-	-
4	Own revenues	-	-
5	Total revenues from operations	7.387	2.597
6	Tax base reliefs	1.000	1.000
7	Tax base	6.387	1.597
8	Income tax of 1%	64	16

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

	Office equipment and furniture	Total
Cost as of 1 January 2022	1.225	1.225
Additions	59	59
Revaluation	243	243
Balance as of 31 December 2022	1.528	1.528
Additions	134	134
Revaluation	1	1
Balance as of 31 December 2023	1.663	1.663
Accumulated depreciation as of 1 January 2022	647	647
Depreciation 2022	136	136
Revaluation of depreciation for 2022	155	155
Balance as of 31 December 2022	937	937
Depreciation 2023	166	166
Revaluation of depreciation for 2023	1	1
Balance as of 31 December 2023	1.104	1.104
Net book value as of:		
31 December 2022	590	590
31 December 2023	<u>559</u>	559
13. CASH AND CASH EQUIVALENTS		
	2023	2022
Bank account	5.014	11.911
Petty cash	2	2
Foreign currency bank account	4.497	10.753
Balance at 31 December	9.513	22.665
14. ACCOUNTS RECEIVABLE		
	2023	2022
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 2023

All amounts are expressed in MKD thousand, unless otherwise stated

15. OTHER RECEIVABLE

	2023	2022
Short-term credits, deposits and loans	12.800	-
Receivable for paid value added tax	4	4
Balance at 31 December	12.804	4

16. OPERATING FUND

	2023	2022
Operating fund	559	590
Current surplus of revenues over expenses	9.774	8.708
Balance at 31 December	10.333	9.299

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

17. ACCOUNTS PAYABLE

	2023	2022
Accounts payable	8	-
Balance at 31 December	8	

18. OTHER CURRENT LIABILITIES

	2023	2022
VAT	246	-
Liabilities for taxes and profit contributions	64	16
Balance at 31 December	310	16

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

All amounts are expressed in MKD thousand, unless otherwise stated

19. ACCRUALS

	2023	2022
Other accruals	15.317	13.944
Balance at 31 December	15.317	13.944

20. OFF-BALANCE RECORDS

As of 31 December 2023, the Institute has no off-balance sheet exposure.

21. SUBSEQUENT EVENETS

After 31 December 2023 – the reporting date, until the approval of these financial statements, there are no events that are materially significant for disclosure in these financial statements.