



**Center for Research and
Policy Making – CRPM,
Skopje**

Financial Statements for the Year Ended
31 December 2022 and

Independent Auditor's Report

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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 2022, 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 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
Center for Research and Policy Making - CRPM
Skopje

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 2022, 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



21 December 2023

Director

Darko Kalin

STATEMENT OF REVENUES AND EXPENSES
For the Year Ended 31 December 2022
In MKD thousands

	Notes	2022	2021
Granted donations and other revenues	4	71.252	24.933
Financial revenues	5	111	127
Transferred surplus of revenue from the previous year		17.086	15.998
TOTAL REVENUES		88.450	41.058
Material costs and services	6	3.822	1.788
Expenses for employees	7	7.489	5.689
Capital expenses	8	809	-
Other operating expenses	9	15.696	16.495
TOTAL EXPENSES		27.815	23.972
Surplus of revenues over expenses before taxes		60.635	17.086
Income Tax		-	-
Surplus of revenues over expenses after taxation		60.635	17.086

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 2022
In MKD thousands

	Notes	31 December 2022	31 December 2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	1.615	161
Non-material assets	11	41	62
		1.656	223
CURRENT ASSETS			
Cash and cash equivalents	12	60.640	17.054
Receivables	13	25	25
Prepayments	14	75	32
Total Current Assets		60.740	17.110
TOTAL ASSETS		62.396	17.333
LIABILITIES AND OPERATING FUND			
OPERATING FUND			
Operating Fund		1.656	223
Surplus of revenues over expenses after taxation		60.635	17.086
Total Operating Fund	15	62.291	17.309
CURRENT LIABILITIES			
Trade payables and other current liabilities	16	105	24
Total Current Liabilities		105	24
TOTAL LIABILITIES AND FUNDS		62.396	17.333

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN OPERATING FUND
For the Year Ended 31 December 2021
In MKD thousands

	Operating Fund	Surplus of revenues over expenses	TOTAL
Balance as of 1 January 2021	363	16.218	16.581
Transferred surplus of revenues over expenses from previous year	-	(16.218)	(16.218)
Revaluation of assets	1	-	1
Purchases	-	-	-
Depreciation for the year	(141)	-	(141)
Repayment of funds transferred from previous year surplus	-	(221)	(221)
Surplus of revenues over expenses	-	17.307	17.307
Balance as of 31 December 2021	223	17.086	17.309
Transferred surplus of revenues over expenses from previous year	-	(17.086)	(17.086)
Revaluation of assets	87	-	87
Purchases	1.601	-	1.601
Depreciation for the year	(255)	-	(255)
Repayment of funds transferred from previous year surplus	-	-	-
Surplus of revenues over expenses	-	60.635	60.635
Balance as of 31 December 2022	1.656	60.635	44.982

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

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 2022 amounts 14 employees (31 December 2021 was 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 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.

The comparative figures for the year ended 31 December 2022 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 2021

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 2022 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 North Macedonia. For 2022, income tax is calculated as 1% on the revenue from operating activities, above the defined threshold of 1.000 thousand of MKD.

(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 2021

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	<u>31 December 2022</u>	<u>31 December 2021</u>
USD	57,6535 Denars	54,3736 Denars
EUR	61,4932 Denars	61,6270 Denars
CHF	<u>62,4487 Denars</u>	<u>59,4683 Denars</u>

4. GRANTED DONATIONS AND OTHER REVENUES

	<u>2022</u>	<u>2021</u>
Revenues from donations	70.909	23.812
Other revenues	343	1.121
Total	<u>71.252</u>	<u>24.933</u>

Breakdown of granted donations by donors:

	<u>2022</u>
Austrian Development Agency	40.080
SIDA	4.224
Embassy of Kingdom of Netherlands	4.951
EUROPEAN COMMISSION DIRECTORATE GENERAL	10.628
Deutsche Gesellschaft Fuer Intern	4.222
Centre or promotion of civil society	3.207
CONSEIL DEL EUROPE	1.976
SEEU Erasmus	429
Others	1.535
Total	<u>71.252</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

All amounts are expressed in MKD thousand, unless otherwise stated

5. FINANCIAL REVENUES

	<u>2022</u>	<u>2021</u>
Foreign exchange gains	111	127
Total	<u>111</u>	<u>127</u>

6. MATERIAL EXPENSES AND SERVICES

	<u>2022</u>	<u>2021</u>
Other material expenses	936	691
Rent	910	730
Cost of materials	465	133
Transportation	738	74
Utilities	198	109
Other	574	51
Total	<u>3.822</u>	<u>1.788</u>

7. EXPENSES FOR EMPLOYEES

	<u>2022</u>	<u>2021</u>
Salaries	7.489	5.689
Total	<u>7.489</u>	<u>5.689</u>

8. CAPITAL EXPENSES

	<u>2022</u>	<u>2021</u>
Equipment	808	-
Total	<u>808</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

All amounts are expressed in MKD thousand, unless otherwise stated

9. OTHER OPERATING EXPENSES

	2022	2021
Intellectual services	3.911	4.373
Transferred funds	8.198	11.313
Per diems and travel costs	3.174	258
Taxes	7	371
Bank charges	134	100
Foreign exchange losses	157	34
Other operating expenses	115	46
Total	15.696	16.494

10. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment	Total
Cost as of 1 January 2021	1.109	1.109
Additions 2021	-	-
Revaluation of assets	1	1
Balance as of 31 December 2021	1.110	1.110
Additions 2022	1.584	1.584
Revaluation of assets	55	55
Balance as of 31 December 2022	2.749	2.749
ACCUMULATED DEPRECIATION		
as of 1 January 2021	829	829
Depreciation 2021	115	115
Revaluation of depreciation	1	1
Adjustment	5	5
Balance as of 31 December 2021	950	950
Depreciation 2022	217	217
Revaluation of depreciation	(33)	(33)
Adjustment	-	-
Balance as of 31 December 2022	1.134	1.134
Net book value as of:		
- 31 December 2021	160	160
- 31 December 2022	1.615	1.615

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

All amounts are expressed in MKD thousand, unless otherwise stated

11. NON- MATERIAL ASSETS

As of 31 December 2022 the association has non-material assets – software, license and patents at the amount of 41 thousand of MKD (2021: 62 thousand of MKD). The value at cost is 129 thousand of MKD, while the accumulated depreciation is 87 thousand of MKD (2021: the value at cost is 111 thousand of MKD and accumulated depreciation is 49 thousand of MKD).

12. CASH AND CASH EQUIVALENTS

	<u>2022</u>	<u>2021</u>
Bank account	13.474	9.607
Foreign currency bank account	46.954	7.362
Other accounts	212	85
Petty cash	-	-
Total	<u>60.640</u>	<u>17.054</u>

13. RECEIVABLES

	<u>2022</u>	<u>2021</u>
Prepayments	25	25
Total	<u>25</u>	<u>25</u>

14. PREPAYMENTS

	<u>2022</u>	<u>2021</u>
Prepayments	75	32
Total	<u>75</u>	<u>32</u>

15. OPERATING FUND

	<u>2022</u>	<u>2021</u>
Operating fund	1.656	223
Surplus of revenues over expenses after taxation	60.635	17.086
Total	<u>62.291</u>	<u>17.309</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

All amounts are expressed in MKD thousand, unless otherwise stated

16. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2022	2021
Trade payables and other current liabilities	105	24
Total	105	24

17. OFF-BALANCE RECORDS

As of 31 December 2022, the Association has no off-balance sheet exposure.

18. SUBSEQUENT EVENETS

After 31 December 2022 – date of reporting, until the date of approval of these financial statements, there are no material subsequent events that would have an impact on understanding of financial statements, or which would require correction of the financial statements.