



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

Financial Statements for the Year Ended
31 December 2023 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 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 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 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



16 September 2024

Director

Darko Kalin

STATEMENT OF REVENUES AND EXPENSES
For the Year Ended 31 December 2023
In MKD thousands

	Notes	2023	2022
Revenues			
Granted donations and other revenues	4	127.529	70.909
Financial revenues	5	109	111
Other revenues	6	275	343
Transferred surplus of revenue from the previous year	7	60.635	17.086
TOTAL REVENUES		188.548	88.449
Expenses			
Material costs and services	8	(6.390)	(3.822)
Expenses for employees	9	(92.628)	(15.695)
Capital expenses	10	(433)	(809)
Expenses for employees	11	(12.620)	(7.489)
TOTAL EXPENSES		(112.071)	(27.815)
Surplus of revenues over expenses before taxes		76.477	60.635
Income Tax		-	-
Surplus of revenues over expenses after taxation		76.477	60.635

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 2023
In MKD thousands

	Notes	2023	2022
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	12	76.442	60.640
Receivables	13	25	25
Prepayments	14	78	75
		76.545	60.740
NON-CURRENT ASSETS			
Property, plant and equipment	15	16	41
Non-material assets	16	1.587	1.615
		1.603	1.656
TOTAL ASSETS		78.148	62.396
LIABILITIES AND OPERATING FUND			
CURRENT LIABILITIES			
Trade payables and other current liabilities	18	68	105
		68	105
OPERATING FUND			
Operating Fund		1.603	1.656
Surplus of revenues over expenses after taxation		76.477	60.635
Total Operating Fund		78.080	62.291
TOTAL LIABILITIES AND FUNDS		78.148	62.396

The accompanying notes form an integral part of these financial statements

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

	Operating Fund	Surplus of revenues over expenses	TOTAL
Balance as of 1 January 2022	223	17.086	17.309
Transferred surplus of revenues over expenses from previous year	-	(17.086)	(17.086)
Purchases	1.601	-	1.601
Depreciation for the year	(255)	-	(255)
Revaluation of assets	87	-	87
Surplus of revenues over expenses	-	60.635	60.635
Balance as of 31 December 2022	1.433	43.549	44.982
Balance as of 1 January 2023	1.656	60.635	62.291
Transferred surplus of revenues over expenses from previous year	-	(60.635)	(60.635)
Purchases	434	-	434
Depreciation for the year	(487)	-	(487)
Surplus of revenues over expenses	-	76.477	76.477
Balance as of 31 December 2023	1.603	76.477	78.080

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

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 2023 amounts 15 employees (31 December 2022 was 14 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.

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 2023

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 2023 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 2023, 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 2023

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 2023</u>	<u>31 December 2022</u>
USD	55,6516 Denars	57,6535 Denars
EUR	61,4950 Denars	61,4932 Denars
CHF	<u>66,4093Denars</u>	<u>62,4487 Denars</u>

4. GRANTED DONATIONS AND OTHER REVENUES

	<u>2023</u>	<u>2022</u>
Revenues from donations	8	125
Revenues from grants	127.521	70.784
Total	<u>127.529</u>	<u>70.909</u>

Breakdown of granted donations by donors:

	<u>2023</u>
Austrian Development Agency	1.850
SIDA	4.168
Embassy of Kingdom of Netherlands	3.776
GIZ	678
NORAD	110.102
CONSEIL DEL EUROPE	1.814
Visegrad Fund	1.311
EU	3.682
Others	140
Total	<u>127.521</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

All amounts are expressed in MKD thousand, unless otherwise stated

5.FINANCIAL REVENUES

	2023	2022
Foreign exchange gains	109	111
Total	109	111

6.OTHER REVENUES

	2023	2022
Revenue of consulting services	237	166.332
Revenue from subsidies	-	177
Other revenues	38	-
Total	275	343

7.SURPLUS OF REVENUE FROM THE PREVIOUS YEAR

	2023	2022
Transferred surplus of revenue from the previous year	60.635	17.086
Total	60.635	17.086

8.MATERIAL EXPENSES AND SERVICES

	2023	2022
Cost of materials	312	465
Utilities	148	198
Maintenance expenses	104	-
Other material expenses	3.649	937
Transportation	437	738
Advertising, propaganda and representation expenses	412	574
Rent	1.328	910
Total	6.390	3.822

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

All amounts are expressed in MKD thousand, unless otherwise stated

9.OTHER OPERATING EXPENSES

	2023	2022
Intellectual services	8.098	3.911
Transferred funds	80.072	8.198
Per diems and travel costs	3.676	3.174
Taxes	2	7
Bank charges	525	134
Foreign exchange losses	120	157
Other operating expenses	135	115
Total	92.628	15.696

10.CAPITAL EXPENSES

	2023	2022
Equipment	(433)	(809)
Total	(433)	(809)

11.EXPENSES FOR EMPLOYEES

	2023	2022
Salaries	12.620	7.489
Total	12.620	7.489

12.CASH AND CASH EQUIVALENTS

	2023	2022
Bank account	11.736	13.474
Foreign currency bank account	64.635	46.954
Petty cash	1	-
Other accounts	70	213
Total	76.442	60.640

13.RECEIVABLES

	2023	2022
Recievables	25	25
Total	25	25

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

All amounts are expressed in MKD thousand, unless otherwise stated

14. PREPAYMENTS

	2023	2022
Prepayments	78	75
Total	78	75

15. NON-MATERIAL ASSETS

As of 31 December 2023 the association has non-material assets – software, license and patents at the amount of 16 thousand of MKD (2022: 41 thousand of MKD). The value at cost is 121 thousand of MKD, while the accumulated depreciation is 117 thousand of MKD (2022: the value at cost is 129 thousand of MKD and accumulated depreciation is 87 thousand of MKD).

16. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment	Total
Cost as of 1 January 2022	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
Additions 2023	435	435
Balance as of 31 December 2023	3.184	3.184
ACCUMULATED DEPRECIATION		
as of 1 January 2022	950	950
Depreciation 2022	217	217
Revaluation of depreciation	(33)	(33)
Balance as of 31 December 2022	1.134	1.134
Depreciation 2023	463	463
Balance as of 31 December 2022	1.597	1.597
Net book value as of:		
- 31 December 2022	1.615	1.615
- 31 December 2023	1.587	1.587

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

All amounts are expressed in MKD thousand, unless otherwise stated

17. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2023	2022
Trade payables and other current liabilities	44	92
Other liabilities	24	13
	68	105

18. OFF-BALANCE RECORDS

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

19. SUBSEQUENT EVENTS

After 31 December 2023 – 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.