

# HOLOCAUST FUND OF THE JEWS FROM MACEDONIA

**Financial Statements**  
for the year ended on 31.12.2017 year  
with the Independent Auditor's Report

Skopje, October 2018

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**Audit Macedonia LLC**  
since 1995

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## **Independent Auditor's Report**

### **To the Management of the Holocaust Fund of the Jews from Macedonia**

We have audited the accompanying financial statements of the **Holocaust Fund of the Jews from Macedonia Skopje**, which comprise of the Balance Sheet on 31 December 2017 year, Balance of incomes and expenses, as well as summary of significant accounting policies and other explanatory notes on that date.

#### **Management's Responsibility for the financial statements**

The management is responsible for preparation and fair presentation of these financial statements in accordance with Accounting Law of Nonprofit Organizations. This responsibility includes: creation, implementation and maintenance of internal controls relevant for preparation and objective presentation of financial reports that do not include material significant wrongfully presentations no matter as a result of error or fraud; selection and application of appropriate accounting politics and making sound accounting estimates appropriate to 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 International Standards on Auditing that are accepted in Republic of Macedonia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are freed from material misstatement.

The audit includes performance of audit procedures to obtain audit evidence for the amounts and presentations in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant for preparation and objective presentation of the financial statements of Holocaust Fund of the Jews from Macedonia Skopje, in order to design such audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Holocaust Fund of the Jews from Macedonia Skopje.

  
INDEPENDENT MEMBER



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The audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluation of the overall presentation of the financial statements.

We believe that the audit evidences we have obtained are sufficient and appropriate to secure a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements of the Holocaust Fund of the Jews from Macedonia Skopje in all material aspects, present objective the financial position of the Holocaust Fund of the Jews from Macedonia Skopje on December 31, 2017 year and its financial performance for the year ending on that date, in accordance with the Accounting Law of Nonprofit Organizations.

Skopje, 16 October 2018

Elena Adamova

Certified Auditor



AUDIT COMPANY  
AUDIT MACEDONIA LLC Skopje

## HOLOCAUST FUND OF THE JEWS FROM MACEDONIA

### BALANCE SHEET on 31.12.2017

	Note	2017	2016
<b>Assets</b>		<b>19,557</b>	<b>15,278</b>
I. Intangible assets		18	29
II. Tangible assets		9,463	3,619
Land		80	71
Buildings		8,933	3,168
Equipment		287	237
Other tangible assets		163	143
III. Tangible and intangible assets in preparation		10,076	11,630
IV. Long term financial investments			
<b>Cash and cash equivalents, short-term receivables and temporary accounts</b>		<b>12,458</b>	<b>12,466</b>
I. Cash and cash equivalents		52	17
Bank account		12	7
Cash in hand		2	3
Foreign currency account		38	7
II. Securities		2,109	3,783
III. Receivables		42	63
IV. Receivables for advances, deposits		118	2,187
V. Short term – financial receivables		9,435	5,809
VI. Other short term receivables		3	3
VII. Receivables for payed taxes and contributions		680	598
VIII. Prepaid costs		21	8
Transferred surplus of revenue from the previous year			
<b>Materials, spare parts, small inventory, production, product</b>		<b>29</b>	<b>23</b>
<b>TOTAL</b>		<b>32,045</b>	<b>27,767</b>
<b>Off-balance assets</b>			

	Note	2017	2016
<b>Capital resources</b>		<b>21,695</b>	<b>19,083</b>
a) Fund balance		21,695	19,083
II. Revaluation reserves		0	0
III. Long term liabilities		0	0
Long term liabilities from banks		0	0
Other long term liabilities		0	0
<b>IV. Short term liabilities</b>		<b>29</b>	<b>49</b>
Securities		0	0
Trade liabilities		19	17
Liabilities for taxes and contributions		9	31
Short term financial liabilities		0	0
Other short term liabilities		0	0
<b>V. Unearned incomes (063 to 065)</b>		<b>10,185</b>	<b>8,525</b>
Unearned incomes		921	666
Surplus of revenues transferred to the next		9,263	7,859
Other unearned incomes		0	0
<b>VI. Reserve fund</b>		<b>136</b>	<b>110</b>
VII. Undistributed part of the surplus income - the profit		0	0
VIII. Sources of funds for other purposes		0	0
<b>TOTAL</b>		<b>32,045</b>	<b>27,767</b>
<b>Off-balance liabilities</b>			

**HOLOCAUST FUND OF THE JEWS FROM  
MACEDONIA**

**BALANCE OF REVENUES AND EXPENDITURES**

For the year ended on 31.12.2017

<b>Revenues</b>	<b>Note</b>	<b>2017</b>	<b>2016</b>
Income from donations	3	2,248	1,943
Other incomes		683	639
Extraordinary incomes		17	0
<b>TOTAL</b>		<b>2,948</b>	<b>2,581</b>
Material costs and services	6	139	133
Other expenses	7	123	71
Capital and other assets	8	2,185	1
Salaries and other expenses for the employees	9	137	121
Donations and other expenses		5	24
<b>TOTAL</b>		<b>2,588</b>	<b>350</b>
SURPLUS of revenues over expenses before taxation			
for the current year		359	2,232
Profit tax		-31	-28
<b>NET SURPLUS of revenues over expenses for the current year</b>		<b>328</b>	<b>2,204</b>
<b>Surplus of revenues over expenses for the previous year</b>		<b>8,947</b>	<b>5,655</b>
<b>TOTAL SURPLUS OF REVENUES OVER EXPENCES</b>		<b>9,275</b>	<b>7,859</b>

**Holocaust Fund of the Jews from Macedonia**  
**Notes to the financial statements**

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**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

**Holocaust Fund of the Jews from Macedonia Skopje** is registered as social and humanitarian organization in the Central Registry of Republic of Macedonia under ID number 5668280.

The seat of the organization is: Samoilova street no. 2, Skopje, municipality Cair, Code of activity: 88.99 – Other activities of social protection without accommodation, not mentioned elsewhere.

President: Blagoja Mladenoski

The Fund has one subsidiary with ID sub number: 5668280/1 with full name: FUND OF THE HOLOCAUST OF THE JEWS FROM MACEDONIA - Subsidiary Holocaust Memorial Center for the Jews of Macedonia Skopje.

The seat of the subsidiary is on 11<sup>th</sup> March street no. 2, Skopje, municipality Center.

Code of activity: 91.02- Activities of museums

Authorized person, manager of the subsidiary is: Goran Sadikarijo.



## 2. ACCOUNTING POLICIES OF THE HOLOCAUST FUND OF THE JEWS FROM MACEDONIA

### 2.1. MAIN ACCOUNTING POLICIES

The underlying assumptions in the preparation of the financial statements in accordance with the International Financial Reporting Standards are as follows: accrual basis of accounting and going concern.

a) Cash basis accounting

The financial statements are prepared in accordance with cash basis accounting. In accordance with this basis, the effects of the transactions and other events are recognized when cash is received or paid.

b) Going concern

The financial statements are prepared under the assumption that Holocaust Fund of the Jews from Macedonia Skopje will continue to operate for an unpredictable duration, i.e. that Holocaust Fund of the Jews from Macedonia Skopje has no intention to terminate or significantly reduce its operations.

### 2.2. SPECIAL ACCOUNTING POLICIES

Special accounting policies applied in the preparation of financial statements are as follows:

### 2.3. INTANGIBLE ASSETS

1. Intangible assets are assets without physical substance that can be identified and are held to be used in production or services.

Intangible assets, without exceptions, include:

- a) Patents and licenses,
- b) Trademarks and brand names,
- c) Franchise contracts,
- d) Copyrights,
- e) Expenses for research and development,
- f) Computer software and marketing rights; and
- g) Goodwill.

2. An intangible asset shall be recognized only if:

- a) Future economic benefits attributable to the asset are expected to inflow to the enterprise;
- b) The cost of the asset can be measured reliably.

The investment and working capital is increased by the value of the intangible assets.

**Holocaust Fund of the Jews from Macedonia**  
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3. If an intangible asset does not meet the recognition criteria referred to in Article II. 1.2 of this decision, the incurred expenditure shall be immediately recognized as an expense for the period in the moment of payment.

4. Intangible assets are initially valued at cost with the following differences:

- Following the initial valuation, patents, licenses and goodwill are measured at cost less accumulated amortization and accumulated impairment losses.
- Following the initial valuation, trademarks, software, copyrights are measured at fair value on the active market.

5. Intangible assets are depreciated in accordance with the management's assessments for the period of expected flow of future economic benefits, but not longer than 5 years, as of the first day of the month following the month when the intangible asset was acquired.

The depreciation is not an expense for the period, since there is no cash outflow and it is not credited against the investment and working capital.

6. The basis for valuation of intangible assets is as follows:

- a) The manner of their acquisition;
- b) Expected period for receiving future economic benefits;
- c) Possibility to sell the intangibles.

7. The research expenditure and expenditure for internally generated intangible assets should not be recognized as an asset, but as an expense for the period.

#### **2.4. TANGIBLE ASSETS (PROPERTY, PLANT AND EQUIPMENT)**

1. Tangible assets (property, plant and equipment) in point 6 in IAS 16 are defined as:

- a) Assets held by Holocaust Fund of the Jews from Macedonia for:
  - for own purposes;
  - to rent to others or
  - administrative purposes and
- b) Assets expected to be used during more than one period (one year).

2. Tangible assets shall be recognized only if:

- a) It is probable that future economic benefits associated with the asset will flow to Holocaust Fund of the Jews from Macedonia
- b) The cost of the asset can be measured reliably.

The investment and working capital is increased by the value of the acquired tangible assets.

**Holocaust Fund of the Jews from Macedonia**  
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3. Tangible assets (property, plant and equipment) are initially valued at its cost, which is allocated over its useful life. All financial expenses (interest rates, guarantees, etc.) that are identifiable with the acquisition of the assets are to be added to the cost of the asset and are amortized depending on its useful life.

4. The cost of a tangible asset is the amount of cash paid or the fair value of other remuneration provided in order for the asset to be acquired at the moment of its acquisition or construction.

5. The cost of tangible assets includes the purchase price, including import duties and non-refundable taxes, as well as any costs directly attributable to bringing the asset in operating condition (costs for location preparation, delivery and handlings, installation, services by experts, etc.).

6. All trade discounts and rebates are deducted in order for the purchase price to be obtained.

7. If the accounting value of a tangible asset exceeds its assessed recoverable amount, then the difference is written off – reconciliation of the value to the recoverable amount is performed.

8. Gains or losses incurred with sale are determined by comparing the incomes of the accounting value.

9. Useful life of a tangible asset is:

- Period of time over which an asset is expected to be used by the entity

10. The useful life of tangible assets is determined according the rulebook for accounting for nonprofit organizations.

11. The basis for calculating depreciation is the cost of the asset or other amount replacing the cost in financial reports decreased for the asset residual value.

12. The depreciation of tangibles is calculated according to the straight-line method in the periods of the useful life of the tangible asset, and the calculation starts from the first day of the month following the month when the asset was acquired.

The depreciation is not an expense for the period, since there is no cash outflow and it is not credited against the investment and working capital.

## **2.5. INVESTMENTS AND RECEIVABLES**

1. Investments are classified as long-term (non-current) and short-term (current).

2. Investments are classified as current:

- ⇒ If held mainly for trading purposes (sale) and expected to be realized (sold) in a period of 12 months from the date of the balance sheet.

**Holocaust Fund of the Jews from Macedonia**  
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- Cash and cash equivalents are classified as current in all cases provided that their use is not limited.
- All other investments are classified as non-current (long-term)

3. Investments in securities (debt or equity) are not classified as current or non-current, but depending on management's intention, the securities can be:

- Held exclusively for trading purposes;
- Not held for trading, but available for sale;
- Held to maturity.

4. Securities that are held for trading purposes or that are available for sale are initially recorded at their fair value, excluding the transaction costs.

5. Securities held to maturity (debt securities) are recorded at their depreciated cost, including the transaction costs.

6. Other short-term investments as loans, deposits, security deposits and advance payments are recorded at their nominal value. Calculated interest rates are capitalized as they mature.

7. Trade receivables and other short-term receivables on the domestic market are recognized at the moment when the transaction is performed, whereas they are recorded in accordance with the expected cash inflow. Trade receivables are shown in net value in the balance sheet.

8. Trade receivables from buyers that have been liquidated or in bankruptcy are directly eliminated by parallel crediting against the investment and working capital.

9. Foreign receivables are initially valued at the expected cash inflow. The trade receivables are valued in the balance sheet at the exchange rate applicable at the date of the balance sheet, while the deviations are recorded as exchange rate differences.

## **2.6. INVENTORIES**

1. Inventories are valued at the lower of the purchase value (cost) or net realizable (sale) value.

2. Purchase value includes all costs of purchase, costs of conversion and all other costs incurred in bringing inventories to their present location and condition.

## **2.7. MONEY ASSETS (Cash and Cash equivalents)**

1. Cash includes cash in hand and deposits (foreign currency or denar).

2. Cash equivalents are short-term high-liquid investments that can be converted within a period of 3 months into cash without a significant risk of change in their nominal value.

3. Cash in hand and on denar accounts are valued at nominal value.

4. Foreign currency in hand and foreign currency accounts are valued with the exchange rate of the National Bank of Republic of Macedonia at the moment of their creation, and reconciliation is made on the balancing day (December 31<sup>st</sup>), whereas the differences are recorded as positive or negative foreign exchange differences.

#### **2.8. PREPAYMENTS AND ACCRUED INCOME**

All incurred unpaid expenses in the accounting period are recorded in the accounts for prepayments and accrued income.

#### **2.9. SHORT-TERM (CURRENT) LIABILITIES**

1. Short-term liabilities are all liabilities that mature one year following the Balance Sheet date, and valued at nominal value shown in an appropriate accounting document.

2. Short-term liabilities for which there is a reliable document showing that their payment has been postponed for a period exceeding 1 year are carried as long-term liabilities.

#### **2.10. LONG-TERM (NON-CURRENT) LIABILITIES**

All liabilities that mature for payment after more than 1 year from the Balance Sheet date are recorded as non-current liabilities and are valued at nominal value from the respective accounting document.

#### **2.11. ACCRUALS AND DEFERRED INCOME**

1. Incomes that are not meeting the criteria to be recognized in accordance with these policies are recorded in deferred income account, and are recognized as incomes in the period when these criteria are met, whereas that account is closed.

2. The liabilities for which there are no reliable documents for recognition in the accounting period, but can be certainly identified that incurred in that period, are also recorded in this account. Upon the provision of documents in some subsequent period of time, it is carried by closing that account to the benefit of a specific liability.

#### **2.12. CORPORATE INCOME TAX**

The corporate income tax is paid in accordance with the Tax Balance applicable to the accounting period. According the rules the non-profit organizations are exempt from payment of corporate income tax for the incomes that originate from membership fees, sponsorships and donations with certain purpose that are intended for performance of the main activity and whose sole function is gathering and allocation of the assets for certain purpose.

#### **2.13. INCOMES**

Income is recognized according to the principle of modified occurrence of business changes (transactions), i.e. this principle provides that income is recognized after the cash flows attributed to that income will be registered on the bank accounts or in Holocaust Fund of the Jews from

**Holocaust Fund of the Jews from Macedonia**  
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Macedonia's cash box in the accounting period, but no later than January 30<sup>th</sup> the following year, and it is measured at the amount of the received cash remuneration.

**2.14. EXPENSES**

Expenses are recognized according to the principle of modified occurrence of business changes (transactions), i.e. this principle provides that expenses are recognized after the cash outflows attributed to those expenses will be registered on the bank accounts or in Holocaust Fund of the Jews from Macedonia's cash box in the accounting period, but no later than January 30<sup>th</sup> the following year, and they are measured at the amount of the paid cash remuneration.

**2.15. REVALUATION**

Holocaust Fund of the Jews from Macedonia revalues long-term assets (tangible and non-tangible) when they are withdrawn from use and divested or for the purposes of revaluation with the industrial product price increase rate published by the State Statistical Office.

Basis for revaluation is the purchase value of the assets...

The market value of long-term assets during withdrawal from use or divestment in the accounting period is determined by means of an appraisal by a certified appraiser.

**2.16. EXCESS OF INCOME OVER EXPENDITURES (GAIN)**

The difference between the received income and the paid expenses is Excess of income over expenditures and is shown in the Balance of Income and Expenses. This excess (together with the excess from the previous years) should match the total cash in the bank accounts and in the cash box as on December 31<sup>st</sup>, adjusted for the income from the current year collected until January 30<sup>th</sup> the following year and for the expenses from the accounting period that have been paid out by January 30<sup>th</sup> the following year.

**2.17. REALIZED SHORTAGE (LOSS)**

Loss is recognized if the expenses in the Balance of Income and Expenses exceed the income. Losses may arise only if the expenses from the accounting year were paid within a period of 30 days after the balancing date and there was no excess recorded in the previous years.

**2.18. INVESTMENT AND WORKING CAPITAL**

The following items are debited to the investment and working capital:

- Acquired long-term tangible and intangible assets;
- Received non-cash donations and grants;
- Revaluation effects, i.e. effects from the reconciliation of long-term assets with their market (fair) value.

Depreciation and impairment of long-term assets is credited against the investment and working capital.

Holocaust Fund of the Jews from Macedonia  
Notes to the financial statements

**3. EXPLANATORY NOTES TO THE BALANCE OF INCOMES AND EXPENSES**

<b>3 Income from donations</b>	<b>2017</b>	<b>2016</b>
Income from donations and membership fees	38	0
Income from bonds	2,210	1,943
Other incomes from donations, membership fees ,etc.	0	0
<b>Total</b>	<b>2,248</b>	<b>1,943</b>

<b>4 Other incomes</b>	<b>2017</b>	<b>2016</b>
Incomes form foreign sales of goods and services	1	1
Income from interest	345	341
Income from lease	337	291
Income from parking	1	2
Other incomes	0	3
<b>Total</b>	<b>683</b>	<b>639</b>

<b>5 Extraordinary Incomes</b>	<b>2017</b>	<b>2016</b>
Extraordinary Incomes	17	0
<b>Total</b>	<b>17</b>	<b>0</b>

<b>6 Material costs and services</b>	<b>2017</b>	<b>2016</b>
Cost of material	8	4
Purchase value of materials, goods and services	3	0
Costs of electricity, fuel and heating	40	30
Costs for investment maintenance	21	18
Non-production services	38	39
Transport and post costs	16	17
Advertising costs and cost of entertainment	8	14
Rental costs	0	0
Other material costs	5	10
<b>Total</b>	<b>139</b>	<b>133</b>

<b>7 Other expenses</b>	<b>2017</b>	<b>2016</b>
Bank provision	6	1
Interest from loans	0	0
Insurance premium costs	10	10
Expenses for employees according labor agreement	60	26
Medical examinations of employees	6	0
Foreign exchange loss	5	0
Cost of memberships	0	0
Intellectual services	9	20
Notary services	0	0

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Intellectual services	0	0
Intellectual services - projects	11	0
Translators	2	2
Costs for executors	0	0
Other expences	2	2
Participation in international conferences	0	4
Costs for international cooperation	4	0
Taxes	6	5
<b>Total</b>	<b>123</b>	<b>71</b>
<b>8 Fixed assets</b>	<b>2017</b>	<b>2016</b>
Buildings	48	0
Equipment	14	1
Other assets	2,122	0
<b>Total</b>	<b>2,184</b>	<b>1</b>
<b>9 Salaries and other expenses for employees</b>	<b>2017</b>	<b>2016</b>
Salaries	137	121
Contributions	0	0
Personal tax from salaries	0	0
<b>Total</b>	<b>137</b>	<b>121</b>



Holocaust Fund of the Jews from Macedonia  
Notes to the financial statements

**4. EXPLANATORY NOTE TO THE BALANCE SHEET**

**10 Tangible and intangible assets**

DESCRIPTION	Land	Buildings	Equipment	Assets in preparation	Intangible assets	Total
Purchase value 31.12.2016	71	3,541	380	11,630	79	15,701
Depreciation 31.12.2016		-185	-188		-51	-424
<b>Balance on 31.12.2016</b>	<b>80</b>	<b>3,357</b>	<b>191</b>	<b>11,630</b>	<b>29</b>	<b>15,278</b>
<b>Changes in 2017</b>						
Purchase value 01.01.2017	80	4,028	432	13,230	90	17,861
New supplies		5,450	18		1	5,469
Alienated, Scrapped assets			0	-3,154		-3,154
<b>Balance on 31.12.2017</b>	<b>80</b>	<b>9,479</b>	<b>450</b>	<b>10,076</b>	<b>92</b>	<b>20,176</b>
<b>Accumulated depreciation</b>						
Balance on 01.01.2017	0	-209	214	0	-58	-482
Current depreciation 2017		-98	-23		-16	-137
Alienated, Scrapped assets						0
<b>Balance on 31.12.2017</b>	<b>0</b>	<b>-308</b>	<b>-238</b>	<b>0</b>	<b>-74</b>	<b>-619</b>
<b>Present Value</b>						
<b>Balance on 31.12.2017</b>	<b>80</b>	<b>9,171</b>	<b>212</b>	<b>10,076</b>	<b>18</b>	<b>19,557</b>

<b>11 Cash and cash equivalents</b>	<b>2017</b>	<b>2016</b>
Cash on bank account	12	7
Cash on foreign account	38	0
Cash in hand	2	3
<b>Total</b>	<b>52</b>	<b>10</b>

<b>12 Receivables and Prepaid expenses</b>	<b>2017</b>	<b>2016</b>
Receivables	42	63
Receivables for advances	118	2
Prepaid expenses	21	8
Financial receivables	9,435	5,809
Other receivables	3	3
Receivables for tax	680	680
<b>Total</b>	<b>10,298</b>	<b>6,482</b>

<b>13 Inventories</b>	<b>2017</b>	<b>2016</b>
Inventories in store	28	23
<b>Total</b>	<b>28</b>	<b>23</b>

**Holocaust Fund of the Jews from Macedonia**  
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14 <b>Working Capital</b>	<b>2017</b>	<b>2016</b>
<b>Balance on 01.01.</b>	<b>21,708</b>	<b>21,090</b>
Purchase of material assets	5,469	2
Sale of material assets		
<b>Total</b>	<b>27,178</b>	<b>21,092</b>
Current depreciation	-137	-72
<b>Working Capital on 31.12.</b>	<b>27,040</b>	<b>21,020</b>

  

15 <b>Undistributed surplus of income</b>	<b>2017</b>	<b>2016</b>
<b>Balance on 01.01.</b>	<b>8,941</b>	<b>5,655</b>
Total income	2,947	2,581
<b>Total</b>	<b>11,888</b>	<b>8,236</b>
Total expenses	-2,588	-350
Tax of surplus of income	-31	-28
<b>Surplus of income over expenses on 31.12.</b>	<b>9,268</b>	<b>16,096</b>

## 5. RISK MANAGEMENT

In the normal course of conducting its business activities, the Holocaust Fund of the Jews from Macedonia according to the nature of the work can enter the various risks of individual transactions can be traced to the varying degree of exposure, namely: market risk (including: the risk of exchange rate risk from interest rate and price risk), liquidity risk, credit risk, capital risk management and assessment of fair value.

Risk management of Holocaust Fund of the Jews from Macedonia focuses on the unpredictability of markets and aims to minimize potential adverse effects on the financial operations of the Holocaust Fund of the Jews from Macedonia.

### *Market risk*

#### *Risk of exchange rate differences*

The risk of exchange rate differences, which can be defined as causing losses due to the rising exchange rate of foreign currencies in the companies that have import transactions, the company handles timely payment of obligations to foreign suppliers and negotiating payment with stable currencies.

Holocaust Fund of the Jews from Macedonia has no specific policy for managing this risk, given that in Macedonia there are no special financial instruments to avoid this risk.

### *Interest Rate Risk*

Interest rate risk exists in loans contracted in foreign currencies by the company, which by changing the level of market interest rates affect its financial position and cash flows.

### *Liquidity risk*

Liquidity risk management is centralized in Holocaust Fund of the Jews from Macedonia. The risk of insolvency exists when the Holocaust Fund of the Jews from Macedonia will not be able to pay its obligations towards creditors.

**Holocaust Fund of the Jews from Macedonia**  
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This risk is outweighed by constantly providing the necessary cash to service its obligations. Holocaust Fund of the Jews from Macedonia does not use financial derivatives.

*Credit risk*

Credit risk arises from cash and cash equivalents, deposits in banks and financial institutions as well as credit exposures to corporate clients, including receivables and payables. The credit risk of Holocaust Fund of the Jews from Macedonia is performed by taking certain measures and activities by the Holocaust Fund of the Jews from Macedonia.

*Estimates of fair value*

Holocaust Fund of the Jews from Macedonia has a policy of disclosure of information about the fair value of those components of assets and liabilities for which market prices are available for those whose fair value can be significantly different from the carrying value.

In Republic of Macedonia there is no sufficient level of market experience, stability and liquidity for purchase and sale of receivables and other financial assets or liabilities, and therefore they are not available for sale. Due to the absence of active market, fair grounds cannot be established in a reliable basis. Management of Holocaust Fund of the Jews from Macedonia considers that the reported accounting values are the most valid and the most useful reporting values in the existing market conditions.

## **6. POTENTIAL AND CONTINGENCY LIABILITIES**

*Litigations*

As of December 31, 2017 are not recorded any provision for potential losses on litigation. Management of Holocaust Fund of the Jews from Macedonia regularly analyzes the possible risks of losses from litigation and potential claims against the Holocaust Fund of the Jews from Macedonia that could arise in the future. Although the outcome of these matters cannot always be reliably determined, the management of the Fund of the Holocaust for the Jews of Macedonia believes that they will not result in material liabilities.

*Tax risk*

The financial statements and accounting records of the Holocaust Fund of the Jews from Macedonia are subject to tax control by tax authorities for the period of 5 years subsequent to the reporting tax year and may impose additional tax liabilities. According to estimates of management of the Holocaust Fund of the Jews from Macedonia and the date of these statements are not aware of any additional circumstances that may arise potential material liability in this respect.

## **7. EVENTS AFTER THE REPORTING PERIOD**

After December 31, 2017 - the date of reporting, until the date of approval of these financial statements, no events that would cause adjustments to the financial statements, nor events material for publication in these financial statements.