

**THE AUDITOR'S REPORT
FINANCIAL STATEMENTS
For 2010
NANSEN DIALOGUE CENTRE
SKOPJE**

ДИМИТРОВ РЕВИЗИЈА

Коресподентен член на DFK International



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For 2010
NANSEN DIALOGUE CENTRE
SKOPJE**

Skopje, April 2011

DIMITROV REVIZIJA DOO
Correspondent member of DFK International London

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To
The Management of
Nansen Dialogue Centre
Skopje

AUDITOR'S REPORT

We have audited the accompanying financial statements of Nansen Dialogue Centre - NDC Skopje (in the following text "the Organization"), which comprise the Balance Sheet as of 31 December 2010, 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 financial reporting under the cash basis of accounting, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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. 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.



DFK
INTERNATIONAL

DIMITROV REVIZIJA

Audit company

Auditor's opinion

In our opinion, the financial statements of Nansen Dialogue Centre - NDC Skopje present fairly, in all material respects, the financial position of the Company as of 31 December 2010, and of its financial performance and its cash flows and the changes in the funds for the year than ended, in accordance with the Accounting Law for Non-profit Organizations and financial reporting under the cash basis of accounting.

Skopje, 29 April 2011

Manager

Zvonko Kocovski, Certified Auditor



BALANCE SHEET
As of 31 December

(In thousands of MKD)

	Note	2010	2009
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	4.454	9.970
Other receivables and prepayments	5	438	276
Total current assets		4.892	10.246
NON-CURRENT ASSETS			
Property, plant and equipment		1.216	947
Total non-current assets	6	1.216	947
TOTAL ASSETS		6.108	11.193
LIABILITIES AND OPERATING FUND			
CURRENT LIABILITIES			
Accounts payable	7	49	61
Total current liabilities		49	61
OPERATING FUND AND SURPLUS OF REVENUES OVER EXPENSES			
Operating Fund		1.216	947
Current surplus of revenues over expenses deferred for future periods		4.843	10.185
Total Operating fund and surplus of revenues over expenses	9	6.059	11.132
TOTAL LIABILITIES AND OPERATING FUND		6.108	11.193

Notes to the financial statements on are part of the financial statements

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

Saso Stojkoski
Executive Director



STATEMENT OF REVENUES AND EXPENSES
For 2009 and 2010

(In thousands of MKD)

	Note	2010	2009
Granted donations	10	15.750	20.681
Other revenues	11	10.213	2.193
Total Revenues		25.963	22.874
Operating expenses	12	(21.120)	(12.689)
Total Expenses		(21.120)	(12.689)
Surplus of revenues over expenses		4.843	10.185

Notes to the financial statements are part of the financial statements

STATEMENT FOR CHANGES IN FUNDS
For 2009 and 2010

(In thousands of MKD)

	Operating Fund Fixed Assets	Total
Balance as of 01.01.2009	808	808
Additions	672	672
Sale of fixed assets	(301)	(301)
Depreciation	(252)	(252)
Revaluation	20	20
Balance as of 31.12.2009	947	947
Additions	402	402
Depreciation	(207)	(207)
Revaluation	74	74
Balance as of 31.12.2010	1.216	1.216

Notes to the financial statements are part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ESTABLISHMENT AND ACTIVITY

Nansen Dialogue Center - NDC is association of citizens established at 17.01.2000 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. 01/ZG.956/2000.

The Association operates in accordance with the Law of Associations of Citizens and Foundations and a Statute. According them, the Association is non-governmental, non-party and non-profit association of citizens, which operates in the field of strengthening the democratic consciousness, peace, mutual tolerance, dialogue and cooperation in the society, as well as giving basic assistance to those who need it. The Association's management bodies are Assembly, Executive Body - Board, Manager of the Executive Body - Board and Council. The Association is located in Skopje, with address 31-10 Naroden Front Street – Centre.

NOTE 2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Organization are conducted in accordance with the Non-Profit Organization Accounting Law and the financial reporting under the cash basis of accounting. The amounts in the statements and the notes are stated in thousands of MKD, except when otherwise indicated in the text.

NOTE 3. BASIC ACCOUNTING POLICIES

The basic accounting policies used for preparation of the financial statements are listed in the following text. The accounting policies of the Association are being adequately applied from year to year.

Cash and cash equivalents

Statements require presentation of the Association's cash that comprises the cash on hand and the cash on giro 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.

Tangible and intangible assets

Tangible and intangible assets (fixed assets) are stated at cost. The cost of the fixed assets comprise the purchasing price increased for the import customs, 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. According to the accounting policy concerning fixed assets, they are all recognized as expenses for the period they are purchased, i.e. when the funds (in cash or non-current assets) are received from the donors.

Depreciation

Tangible and intangible assets (fixed assets) are depreciated using the straight-line method, by using the official depreciation rates prescribed in the Nomenclature for depreciable assets for non-profit association, so their cost and revaluation are depreciated in equal annual amounts during the estimated utilization period of the fixed assets.

The current depreciation amount is entered on the burden of the operating fund.

The calculation of the depreciation is performed separately for each item, and not for groups of assets.

Recognition of the revenues and expenses

The recognition of the revenues and expenses for non-profit organizations is based upon the accounting principle for modified presentation of the operating transactions.

The accounting principle for modified presentation of the operating transactions means recognition of the revenues and the expenses during the period of their appearance according to the criteria of measurement and disposal. Revenues, i.e. expenses are measurable when they can be stated at value. Revenues, i.e. expenses are on disposal when they are realized, i.e. when they appear (when collected, i.e. paid) during the accounting period or within 30 days after this period, used for covering this period's liabilities, i.e. the payment liability arisen during this period.

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 MKD related to the foreign exchange currencies (for one unit of foreign exchange currency) as of 31 December are as follows:

(In MKD)		
Currency	2010	2009
EUR	61,5050	61,1732
USD	46,3140	42,6651
CHF	49,3026	41,1165

NOTE 4. CASH AND CASH EQUIVALENTS

(In thousands of MKD)

	2010	2009
Gyro account	3.731	8.333
Foreign exchange account	389	1.534
Cash	334	83
Total	4.454	9.970

NOTE 5. OTHER RECEIVABLES AND PREPAYMENTS

(In thousands of MKD)

	2010	2009
Advances to employees	414	252
Prepayments	24	24
Total	438	276

NOTE 6. NON-CURRENT ASSETS

(In thousands of MKD)

	Equipment, vehicles	Total
<i>Cost</i>		
Balance at 01.01.2010	1.704	1.704
Additions in the year	402	402
Revaluation	160	160
Balance at 31.12.2010	2.266	2.266
<i>Valuation allowance</i>		
Balance at 01.01.2010	757	757
Current depreciation	207	207
Revaluation	86	86
Balance at 31.12.2010	1.050	1.050
Carrying value at 31.12.2010	1.216	1.216
Carrying value at 31.12.2009	947	947

NOTE 7. ACCOUNTS PAYABLE

	(In thousands of MKD)	
	2010	2009
Domestic account payable	49	61
Total	49	61

NOTE 9. OPERATING FUND

	(In thousands of MKD)	
	2010	2009
Operating fund	1.216	947
Current surplus of revenues over expenses	4.843	10.185
Total	6.059	11.132

Changes of the operating fund are stated in the Statement of Changes in the Operating Fund on page 6.

NOTE 10. GRANTED DONATIONS

	(In thousands of MKD)	
Donors	2010	2009
Ministry of Foreign Affairs of Kingdom of Norway	15.744	20.681
Government of RM	600	-
Total	15.750	20.681

NOTE 11. OTHER REVENUES

	(In thousands of MKD)	
Donors	2010	2009
Financial revenues	29	411
Sale of vehicle	-	338
Surplus of revenues over expenses	10.184	1.444
Total	10.213	2.193

NOTE 12. OPERATING EXPENSES

The operating expenses are from the operating activities of the Association. They are presented in the following table:

	(In thousands of MKD)	
	2010	2009
Office materials	1.130	747
Energy	398	380
Equipment costs	7.212	672
Other project related costs	1.199	991
Transportation and communication costs	1.288	1.688
Maintenance services	138	123
Rents	278	330
Other costs	494	491
Travel expenses and contributions	192	249
Marketing, representation	620	690
Insurance	81	70
Bank services	96	49
Intellectual and other services	2.551	2.882
Salaries	3.832	3.327
Other transfers	1.611	-
Total	21.120	12.689

NOTE 13. REVENUES AND EXPENSES RELATED TO DIFFERENT PROJECTS

The review stated below shows the revenues and expenses in 2010 structured by donors and projects. The revenues are stated using the cash basis i.e. total amount of received money in current year and the deferred (unspent) surplus of revenues from previous year.

(in thousands of MKD)

Revenues	
Revenues from Nansen Dialogue Network	15.150
Donation from Nansen dialogue Network (preceding period)	10.082
Donation of Government or RM	600
Total Revenues from Nansen Dialogue Network for 2008	25.832
Donation Nansenskolen (Preceding period)	74
Exchange rate gains (preceding period)	28
Bank interest	29
Total Other Revenues	131
TOTAL REVENUES	25.963

Financed Activities from Nansen Dialogue Centre	
Office and activities costs	(21.120)
Total costs financed from Nansen Dialogue Network	(21.120)
TOTAL COSTS	(21.120)

Surplus of revenues over expenses	
Surplus of revenues over expenses - Nansen Dialogue Network	4.141
Surplus of revenues over expenses-Government of RM	600
Surplus of revenues over expenses - Nansenskolen	74
Surplus of revenues over expenses - exchange rate gains from preceding period	28
Surplus of revenues over expenses as of 31.12.2010	4.843

NOTE 14. INCOME TAX

(In thousands of MKD)

	2010
I. Surplus of revenues over expenses	4.843
II. Tax base	-
III. Income tax (II *10%)	-
IV. Surplus of revenues over expenses after taxes (I- III)	4.843

Income tax rate is 10% of the tax base and is calculated according to the tax statement. The tax base represents expenses which are not recognised in the tax statement according to the Profit tax law. The organization has no tax base, because the expenses claimed are from donations designed for projects purpose only.

