



**NANSEN DIALOGUE CENTRE
SKOPJE**

**Financial Statements for the Year
Ended 31 December 2011 and
Independent Auditor's Report**

Skopje, 25 May 2012

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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 2011, 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 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.

To:

The Management of
NANSEN DIALOGUE CENTRE
SKOPJE

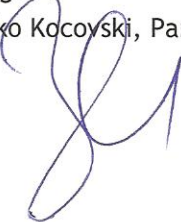
INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's opinion

In our opinion, the financial statements of Foundation of Nansen Dialogue Centre - NDC Skopje give a true and fair view of the financial position of the Organization as of 31 December 2011, 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.

Skopje, 25 May 2012

Manager
Zvonko Kocovski, Partner



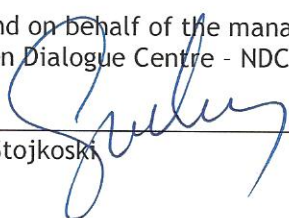
MANAGEMENT'S REPRESENTATION

The Organization's management is responsible for the preparation of the financial statements, which give a true and fair view of the state of affairs of the Organization as of the end of the financial period, and of its financial performance for the period than ended in accordance with the Accounting Law for Non-profit Organizations and standards for reporting under the cash basis of accounting. The management also has a general responsibility for implementation of processes and controls to safeguard the assets of the Organization and to prevent and detect fraud and other irregularities.

The Organization's management considers that, preparing the financial statements set out on pages 4 to 13, the Organization has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates in accordance with International Financial Reporting Standards.

For and on behalf of the management of
Nansen Dialogue Centre - NDC Skopje

Saso Stojkoski



BALANCE SHEET
As of 31 December 2011
In MKD thousands

	Note	2011	2010
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	5.114	4.454
Other receivables and prepayments	5	289	438
Total current assets		5.403	4.892
NON-CURRENT ASSETS			
Property, plant and equipment		1.357	1.216
Total non-current assets	6	1.357	1.216
TOTAL ASSETS		6.760	6.108
LIABILITIES AND OPERATING FUND			
CURRENT LIABILITIES			
Accounts payable and other short-term liabilities	7	204	49
Total current liabilities		204	49
OPERATING FUND AND SURPLUS OF REVENUES OVER EXPENSES			
Operating Fund		1.357	1.216
Current surplus of revenues over expenses deferred for future periods		5.199	4.843
Total Operating fund and surplus of revenues over expenses	9	6.556	6.059
TOTAL LIABILITIES AND OPERATING FUND		6.760	6.108

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

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

Executive Director
 Saso Stojkoski



STATEMENT OF REVENUES AND EXPENSES
For the Year Ended 31 December 2011
In MKD thousands

	Note	2011	2010
Granted donations	10	16.802	15.750
Other revenues	11	5.053	10.213
Total Revenues		21.855	25.963
Operating expenses	12	(16.197)	(20.718)
Capital expenses	12	(459)	(402)
Total Expenses		(16.656)	(21.120)
Surplus of revenues over expenses		5.199	4.843

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

STATEMENT OF CHANGES IN OPERATING FUND

For the Year Ended 31 December 2011

All amounts are expressed in MKD thousand, unless otherwise stated

	Operating Fund Fixed Assets	Total
Balance as of 01.01.2010	947	947
Additions	402	402
Sale of fixed assets	-	-
Depreciation	(207)	(207)
Revaluation	74	74
Balance as of 31.12.2010	1.216	1.216
Additions	459	459
Sale of fixed assets	(175)	(175)
Depreciation	(233)	(233)
Revaluation	90	90
Balance as of 31.12.2011	1.357	1.357

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

All amounts are expressed in MKD thousand, unless otherwise stated

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.

The total number of the employees as of 31 December 2011 amounts 6 persons (31 December 2010 was 6).

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 International accounting standards for the public sector on cash basis published in the Republic of 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. The accounting policies of the Organization are being adequately applied from year to year.

3.1 Cash and cash equivalents

The Organization's cash comprises of 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.

3.2 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

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, 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.

3.4 Recognition of the revenues and expenses

Revenues and expenses of the non-profit organizations 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 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:

	2011	In MKD 2010
EUR	61,5050	61,5050
USD	47,5346	46,3140
CHF	50,5964	49,3026

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

All amounts are expressed in MKD thousand, unless otherwise stated

NOTE 4. CASH AND CASH EQUIVALENTS

	2011	2010
Gyro account	1.806	3.731
Foreign exchange account	3.214	389
Cash	94	334
Total	5.114	4.454

NOTE 5. OTHER RECEIVABLES AND PREPAYMENTS

	2011	2010
Advances to employees	265	414
Deposit for rent	24	24
Total	289	438

NOTE 6. NON-CURRENT ASSETS

	Equipment, vehicles	Total
Cost		
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
Additions in the year	459	459
Sale of fixed assets	(467)	(467)
Revaluation	198	198
Balance at 31.12.2011	2.456	2.456
Valuation allowance		
Balance at 01.01.2010	757	757
Current depreciation	207	207
Revaluation	86	86
Balance at 31.12.2010	1.050	1.050
Current depreciation	233	233
Sale of fixed assets	(292)	(292)
Revaluation	108	108
Balance at 31.12.2011	1.099	1.099
Carrying value at 31.12.2011	1.357	1.357
Carrying value at 31.12.2010	1.216	1.216

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

All amounts are expressed in MKD thousand, unless otherwise stated

NOTE 7. ACCOUNTS PAYABLE AND OTHER SHORT-TERM LIABILITIES

	2011	2010
Domestic account payable	108	49
Personal tax	96	-
Total	204	49

NOTE 9. OPERATING FUND

	2011	2010
Operating fund	1.357	1.216
Current surplus of revenues over expenses	5.199	4.843
Total	6.556	6.059

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

NOTE 10. GRANTED DONATIONS

Donors	2011	2010
Ministry of Foreign Affairs of Kingdom of Norway	13.416	15.744
Government of RM	311	600
Ministerie van Buitenlandse Zaken Bezuidenhoutseweg Amsterdam	3.075	-
Total	16.802	15.750

NOTE 11. OTHER REVENUES

Donors	2011	2010
Financial revenues	24	29
Sale of vehicle	183	-
Surplus of revenues over expenses	4.843	10.184
Other income	3	-
Total	5.053	10.213

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

All amounts are expressed in MKD thousand, unless otherwise stated

NOTE 12. EXPENSES

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

	2011	2010
Office materials	1.865	1.130
Energy, fuel	508	398
Equipment costs	-	6.810
Other project related costs	1.474	1.199
Transportation and communication costs	1.875	1.288
Maintenance services	226	138
Rents	398	278
Other costs	612	494
Travel expenses and contributions	317	192
Marketing, representation	876	620
Insurance	38	81
Bank services	67	96
Intellectual and other services	3.512	2.551
Salaries	4.425	3.832
Other transfers	4	1.611
Capital expenses	459	402
Total	16.656	21.120

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

All amounts are expressed in MKD thousand, unless otherwise stated

NOTE 13. REVENUES AND EXPENSES RELATED TO DIFFERENT PROJECTS

The review stated bellow shows the revenues and expenses in 2011 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.

Revenues	
Revenues from Nansen Dialogue Network	13.416
Donation from Nansen dialogue Network (preceding period)	4.141
Total Revenues from Nansen Dialogue Network for 2011	17.557
Donation of Government or RM	311
Donation from Ministerie van Buitenlandse Zaken Bezuidenhoutseweg Amsterdam	3.075
Donation Nansenskolen (Preceding period)	74
Exchange rate gains (preceding period)	28
Donation of Government of RM (preceding period)	600
Bank interest	27
Income from sale of fixed asset	183
Total Other Revenues	4.298
TOTAL REVENUES	21.855
Financed Activities from Nansen Dialogue Centre	
Office and activities costs	15.138
Total costs financed from Nansen Dialogue Network	15.138
Financed Activities from Government of RM	
Office and activities costs	600
Total costs financed from Government of RM	600
Financed Activities from Ministerie van Buitenlandse Zaken Bezuidenhoutseweg Amsterdam	
Office and activities costs	918
Total costs financed from Ministerie van Buitenlandse Zaken Bezuidenhoutseweg Amsterdam	918
TOTAL COSTS	16.656

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

All amounts are expressed in MKD thousand, unless otherwise stated

NOTE 13. REVENUES AND EXPENSES RELATED TO DIFFERENT PROJECTS
(Continued)


Surplus of revenues over expenses

Surplus of revenues over expenses - Nansen Dialogue Network	2.628
Surplus of revenues over expenses - Ministerie van Buitenlandse Zaken Bezuidenhoutseweg Amsterdam	2.157
Surplus of revenues over expenses - Government of RM	311
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 31.12.2011	5.199

NOTE 14. INCOME TAX

	2011
I. Surplus of revenues over expenses	5.199
II. Tax base	-
III. Income tax (II *10%)	-
IV. Surplus of revenues over expenses after taxes (I- III)	5.199

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.



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