Nansen Dialogue Centre Skopje Financial Statements for the Year Ended 31 December 2012 and Independent Auditor's Report

Skopje, May 2013



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To:

The Management of

Nansen Dialogue Centre

Skopje

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of NGO Nansen Dialogue Centre Skopje, (in the following text "the Organization"), which comprise the Balance Sheet as of 31 December 2012, 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 far 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 and 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 NGO Nansen Dialogue Centre Skopje, give a true and fair view, in all material aspects, of the financial position of the Organization as of 31 December 2012, 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, 17 May 2013 32 Peru

Certified Auditor

Zvonko Kocovski

Manager

Dragan Dimitrov

STATEMENT OF REVENUES AND EXPENSES For the Year Ended 31 December 2012 and 2011 In MKD thousands

	Notes	2012	2011
Granted donations	4	16.728	16.802
Transferred surplus of revenues		5.199	4.843
Other revenues	5	497	210
TOTAL REVENUES		22.424	21.855
Operating expenses		(14.019)	(16.197)
Capital expenses		(621)	(459)
TOTAL EXPENSES	6	(14.640)	(16.656)
Surplus of revenues over expenses			
before taxes		7.784	5.199
Income Taxes			
Surplus of revenues over expenses after taxation	7	7.784	5.199

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 on 28 February 2013 and were signed on its behalf by:

Executive Director Sasho Stojkoski



BALANCE SHEET As of 31 December 2012 and 2011 In MKD thousands

	Notes	31 December 2012	31 December 2011
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	1.178	1.357
		1.178	1.357
CURRENT ASSETS			
Other current assets and prepayments	9	-	289
Cash and cash equivalents	10	7.855	5.114
		7.855	5.403
TOTAL ASSETS		9.033	6.760
LIABILITIES AND OPERATING FUND OPERATING FUND			
Operating Fund		1.178	1.357
Surplus of revenues over expenses after taxation		7.784	5.199
caxactorii .	11	8.962	6.556
CURRENT LIABILITIES			
Other short term liabilities, accruals and deferred income	12	71	204
and deferred meetine		71	204
TOTAL LIABILITIES AND FUNDS		9.033	6.760

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Executive Director Sasho Stojkoski



STATEMENT OF CHANGES IN OPERATING FUND For the Year Ended 31 December 2012 and 2011 In MKD thousands

	Operating Fund	Surplus of revenues over expenses	TOTAL
Balance as of 1 January 2011	1.216	4.843	6.059
Transferred surplus of revenues over expenses from previous year	-	(4.843)	(4.843)
Additions	459	1-	459
Sale of fixed assets	(175)	-	(175)
Revaluated fixed assets	90	12	90
Depreciation	(233)	1 <u>21</u>	(233)
Surplus of revenues over revenues for 2012	-	5.199	5.199
Balance as of 31 December 2011	1.357	5.199	6.556
Transferred surplus of revenues over expenses from previous year	-	(5.199)	(5.199)
Additions	621	-	621
Sale of fixed assets	(310)	-	(310)
Depreciation	(490)		(490)
Surplus of revenues over revenues for 2012	-	7.784	7.784
Balance as of 31 December 2012	1.178	7.784	8.962

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

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 2012 amounts 11 persons (31 December 2011 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.

3.1 Cash and cash equivalents

The Foundation'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 Foundation 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.

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 Organization in 2012 are as follows: 25% for

vehicles, 20% for electric and computer equipment, 20% for furniture.

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:

		In MKD
	2012	2011
EUR	61,5000	61,5050
USD	46,6510	47,5346
CHF	50,9106	50,5964

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2012

All amounts are expressed in MKD thousand, unless otherwise stated

4. GRANTED DONATIONS	10	
4. GRANTED DONATIONS	2012	2011
Revenues from donations	16.728	16.802
Total	16.728	16.802
Breakdown of granted donations by donors:		
	2012	2011
Ministry of Foreign Affairs of Kingdom of Norway Government of RM	16.728	13.416 311
Ministerie van Buittenlandse Zaken Bezuidenhoutseweg Amsterdam	-	3.075
Total	16.728	16.802
5. OTHER REVENUES		
J. OTHER REVERSES	2012	2011
Sale of fixed assets	387	183
Other revenues	110	27
Total	497	210
6. OPERATING EXPENSES		
	2012	2011
Office materials	1.023	1.865
Energy, fuel	178	508
Other project related costs	1.119	1.474
Transportation and communication costs	1.126	1.875
Maintenance services	357	226
Rents	807	398
Other costs	169	612
Travel expenses and contributions	293	317
Marketing, representation	713	876
Insurance	48	38
Bank services	89	67
Intellectual and other services	373	3.512
Tax	68	-

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2012

All amounts are expressed in MKD thousand, unless otherwise stated

All amoun	ts are expressed in MKD thousand, unless otl	nerwise stated	
Salaries		7.642	4.425
Other tran	sfers	14	4
Capital ex	penses	621	459
Total		14.640	16.656
			-
7. IN	COME TAX		
		2012	2011
1	Complex of		
1.	Surplus of revenues over expenses	7.784	5.199
11.	Tax base	≥=	
III.	Income Tax (II * 10%)		-
IV.	Surplus of revenues over expenses after tax (I-III)		
	, ,	7.784	5.199
	tax (I-III)	7.784	5.

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.

8. EQUIPMENT

	Equipment	Total
Cost as of 1 January 2011	2.265	2.265
Additions	459	459
Sale of fixed assets	(467)	(467)
Revaluation	198	198
Balance as of 31 December 2011	2.455	2.455
Additions	621	621
Sale of fixed assets	(800)	(310)
Balance as of 31 December 2012	2.276	2.276
Accumulated depreciation		
as of 1 January 2011	1.050	1.050
Depreciation	233	233
Sale of fixed assets	(292)	(292)
Revaluation	108	108
Balance as of 31 December 2011	1.099	1.099
Depreciation	490	490
Sale of fixed assets	(491)	(491)
Balance as of 31 December 2012	1.098	1.098
Net book value as of:		
- 31 December 2012	1.178	1.178
- 31 December 2011	1.357	1.357

9. OTHER CURRENT ASSETS AND PREPAYMENTS		
	2012	2011
Advances to employees		265
Deposit for rent	· .	24
Balance at 31 December		289
10. CASH AND CASH EQUIVALENTS		
	2012	2011
Current account	1.571	1.806
Foreign exchange account	6.151	3.214
Cash	133	94
Balance at 31 December	7.855	5.114
11. OPERATING FUND		
	2012	2011
Operating fund	1.178	1.357
Current surplus of revenues over expenses	7.784	5.199
Balance at 31 December	8.962	6.556

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

12. OTHER SHORT-TERM LIABILITIES AND ACCRUALS

	2012	2011
Domestic account payable	71	108
Personal tax	H	96
Balance at 31 December	71	204

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2012 All amounts are expressed in MKD thousand, unless otherwise stated

13. OFF-BALANCE RECORDS

As of 31 December 2012 the Organization has no off-balance sheet exposure.

14. SUBSEQUENT EVENETS

There are no material subsequent events that would have an impact on understanding of financial statements.

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