

**Nansen Dialogue Centre
Skopje
Financial Statements for the Year Ended
31 December 2013 and
Independent Auditor's Report**

Skopje, October 2014

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Revenues and Expenses	3
Balance Sheet	4
Statement of Changes in Funds	5
Notes to the Financial Statements	6 - 10
Appendixes	
Appendix 1- Annual accounts	
Appendix 2 - Annual report	

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 2013, 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 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 2013, 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.

Report of other legal and regulatory requirement

Management of the Organization is also responsible for preparation of the annual business report according the Law on non-profit organizations and foundations. Our responsibility in accordance with the Audit Law is to report whether the business report is consistent with the annual account and the financial statements for the year ended 31 December 2013. Our work referring to the annual business report is carried out in accordance with ISA 720 and it is limited to reporting whether the historical financial information presented in the annual statement are consistent with the annual accounts and audited financial statements.

The annual business report is consistent, in all material aspects, with the annual account and the audited financial statements of "Nansen Dialogue Centre", Skopje for the year ended 31 December 2013.

Skopje, 13 October 2014

Certified Auditor
Zvonko Kocovski



Manager
Dragan Dimitrov



STATEMENT OF REVENUES AND EXPENSES
For the Year Ended 31 December 2013 and 2012
In MKD thousands

	Notes	2013	2012
Granted donations	4	15.814	16.728
Transferred surplus of revenues		7.784	5.199
Other revenues	5	437	497
TOTAL REVENUES		24.035	22.424
Operating expenses		(17.785)	(14.019)
Capital expenses		(630)	(621)
TOTAL EXPENSES	6	(18.415)	(14.640)
Surplus of revenues over expenses before taxes		5.620	7.784
Income Taxes		-	-
Surplus of revenues over expenses after taxation	7	5.620	7.784

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 2014 and were signed on its behalf by:

Executive Director
 Sasho Stojkoski

BALANCE SHEET
As of 31 December 2013 and 2012
In MKD thousands

	Notes	31 December 2013	31 December 2012
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	1.312	1.178
		1.312	1.178
CURRENT ASSETS			
Accounts receivable	9	123	-
Cash and cash equivalents	10	5.568	7.855
		5.691	7.855
TOTAL ASSETS		7.003	9.033
LIABILITIES AND OPERATING FUND			
OPERATING FUND			
Operating Fund		1.312	1.178
Surplus of revenues over expenses after taxation		5.620	7.784
	11	6.932	8.962
CURRENT LIABILITIES			
Accounts payable	12	71	71
		71	71
TOTAL LIABILITIES AND FUNDS		7.003	9.033

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 2014 and were signed on its behalf by:

 Executive Director
 Sasho Stojkoski

STATEMENT OF CHANGES IN OPERATING FUND

For the Year Ended 31 December 2013 and 31 December 2012

In MKD thousands

	Operating Fund	Surplus of revenues over expenses	TOTAL
Balance as of 1 January 2012	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	<u>1.178</u>	<u>7.784</u>	<u>8.962</u>
Transferred surplus of revenues over expenses from previous year	-	(7.784)	(7.784)
Additions	630	-	630
Sale of fixed assets	(465)	-	(465)
Depreciation on assets sold	176	-	176
Depreciation for the year	(207)	-	(207)
Surplus of revenues over revenues for 2013	-	5.620	5.620
Balance as of 31 December 2013	<u>1.312</u>	<u>5.620</u>	<u>6.932</u>

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

NOTES TO THE FINANCIAL STATEMENTS**For the Year Ended 31 December 2013****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 2013 amounts 7 persons (31 December 2012 was 11).

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.

NOTES TO THE FINANCIAL STATEMENTS**For the Year Ended 31 December 2013****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 Organization in 2013 are as follows: 15% for vehicles, 20% for computer equipment, 16% for air conditioners 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 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:

	2013	In MKD 2012
EUR	61,5113	61,5000
USD	44,6284	46,6510
CHF	50,1764	50,9106

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2013

All amounts are expressed in MKD thousand, unless otherwise stated

4. GRANTED DONATIONS

	<u>2013</u>	<u>2012</u>
Revenues from donations	15.814	16.728
Total	<u>15.814</u>	<u>16.728</u>

Breakdown of granted donations by donors:

	<u>2013</u>	<u>2012</u>
Ministry of Foreign Affairs of Kingdom of Norway	15.814	16.728
Total	<u>15.814</u>	<u>16.728</u>

5. OTHER REVENUES

	<u>2013</u>	<u>2012</u>
Sale of fixed assets	308	387
Other revenues	129	110
Total	<u>437</u>	<u>497</u>

6. OPERATING EXPENSES

	<u>2013</u>	<u>2012</u>
Office materials	1.311	1.023
Energy, fuel	199	178
Other project related costs	2.288	1.288
Transportation and communication costs	801	1.126
Maintenance services	264	357
Rents	1.003	807
Travel expenses and contributions	704	293
Marketing and international cooperation	1.393	713
Insurance	30	48
Bank services	89	89
Intellectual and other services	760	373
Tax	65	68
Salaries	8.858	7.642
Other transfers	20	14
Capital expenses	630	621
Total	<u>18.415</u>	<u>14.640</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2013

All amounts are expressed in MKD thousand, unless otherwise stated

7. INCOME TAX

	2013	2012
I. Surplus of revenues over expenses	5.620	7.784
II. Tax base	-	-
III. Income Tax (II * 10%)	-	-
IV. Surplus of revenues over expenses after tax (I-III)	5.620	7.784

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 2012	2.455	2.455
Additions	621	621
Sale of fixed assets	(800)	(310)
Balance as of 31 December 2012	2.276	2.276
Additions	630	630
Sale of fixed assets	(465)	(465)
Balance as of 31 December 2013	2.441	2.441
Accumulated depreciation as of 1 January 2012	1.099	1.099
Depreciation	490	490
Sale of fixed assets	(491)	(491)
Balance as of 31 December 2012	1.098	1.098
Depreciation	207	176
Sale of fixed assets	(176)	(207)
Balance as of 31 December 2013	1.129	1.129
Net book value as of:		
- 31 December 2013	1.312	1.312
- 31 December 2012	1.178	1.178

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2013

All amounts are expressed in MKD thousand, unless otherwise stated

9. ACCOUNTS RECEIVABLE

	<u>2013</u>	<u>2012</u>
Domestic accounts receivables	123	-
Balance at 31 December	<u>123</u>	<u>-</u>

10. CASH AND CASH EQUIVALENTS

	<u>2013</u>	<u>2012</u>
Current account	349	1.571
Foreign exchange account	5.144	6.151
Cash	75	133
Balance at 31 December	<u>5.568</u>	<u>7.855</u>

11. OPERATING FUND

	<u>2013</u>	<u>2012</u>
Operating fund	1.312	1.178
Current surplus of revenues over expenses	5.620	7.784
Balance at 31 December	<u>6.932</u>	<u>8.962</u>

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

	<u>2013</u>	<u>2012</u>
Domestic account payable	71	71
Balance at 31 December	<u>71</u>	<u>71</u>

13. OFF-BALANCE RECORDS

As of 31 December 2013 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.