

**Nansen Dialogue Centre  
Skopje**  
Financial Statements for the Year Ended  
31 December 2014 and  
Independent Auditor's Report

Skopje, October 2015

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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 2014, 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 2014, 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, 30 October 2015

  
Certified Auditor  
Zvonko Kocovski  


**STATEMENT OF REVENUES AND EXPENSES**  
**For the Year Ended 31 December 2014 and 2013**  
**In MKD thousands**

	Notes	2014	2013
Granted donations	4	21.799	15.814
Transferred surplus of revenues		5.620	7.784
Other revenues	5	919	437
<b>TOTAL REVENUES</b>		<b>28.338</b>	<b>24.035</b>
Operating expenses		(17.402)	(17.785)
Capital expenses		(701)	(630)
<b>TOTAL EXPENSES</b>	6	<b>(18.103)</b>	<b>(18.415)</b>
Surplus of revenues over expenses before taxes		10.235	5.620
Income Taxes		-	-
Surplus of revenues over expenses after taxation	7	<b>10.235</b>	<b>5.620</b>

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 17 February 2015 and were signed on its behalf by:

  
 Executive Director  
 Sasho Stojkoski





**BALANCE SHEET**  
**As of 31 December 2014 and 2013**  
**In MKD thousands**

	Notes	31 December 2014	31 December 2013
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	1.466	1.312
		<b>1.466</b>	<b>1.312</b>
<b>CURRENT ASSETS</b>			
Accounts receivable	9	-	123
Cash and cash equivalents	10	10.299	5.568
		<b>10.299</b>	<b>5.691</b>
<b>TOTAL ASSETS</b>		<b>11.765</b>	<b>7.003</b>
<b>LIABILITIES AND OPERATING FUND</b>			
<b>OPERATING FUND</b>			
Operating Fund		1.466	1.312
Surplus of revenues over expenses after taxation		10.235	5.620
	11	<b>11.701</b>	<b>6.932</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable	12	52	71
Other current liabilities	13	12	-
		<b>64</b>	<b>71</b>
<b>TOTAL LIABILITIES AND FUNDS</b>		<b>11.765</b>	<b>7.003</b>

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 17 February 2015 and were signed on its behalf by:

  
 Executive Director  
 Sasho Stojkoski



**STATEMENT OF CHANGES IN OPERATING FUND**  
**For the Year Ended 31 December 2014 and 31 December 2013**  
**In MKD thousands**

	Operating Fund	Surplus of revenues over expenses	TOTAL
<b>Balance as of 1 January 2013</b>	<b>1.178</b>	<b>7.784</b>	<b>8.962</b>
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 expenses for 2013	-	5.620	5.620
<b>Balance as of 31 December 2013</b>	<b>1.312</b>	<b>5.620</b>	<b>6.932</b>
Transferred surplus of revenues over expenses from previous year	-	(5.620)	(5.620)
Additions	701	-	701
Prior year adjustments	(100)	-	(100)
Sale of fixed assets	(445)	-	(445)
Depreciation on assets sold	250	-	250
Depreciation for the year	(252)	-	(252)
Surplus of revenues over expenses for 2014	-	10.235	10.235
<b>Balance as of 31 December 2014</b>	<b>1.466</b>	<b>10.235</b>	<b>10.701</b>

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

**NOTES TO THE FINANCIAL STATEMENTS****For the Year Ended 31 December 2014****All amounts are expressed in MKD thousand, unless otherwise stated**

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**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 Bahar Mois No.4 - Skopje.

The total number of the employees as of 31 December 2014 amounts 7 persons (31 December 2013 was 7).

**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 2014

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 2014 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 Income tax***(a) Current Income Tax*

Current income tax represents an amount that is calculated and paid in accordance with the effective Profit Tax Law of the Republic of Macedonia. Income tax is payable at the rate of 10% (2013: 10%) on the tax base reported in the annual corporate income tax return as reduced by any applicable tax credits. The tax base stated in the income tax return includes profit for the year increased for unrecognized expenses, taxable income from related parties and unclosed balances of loans given, in accordance with the regulations in the Income Tax Law, decreased for any tax reliefs.

*(b) Deferred taxes*

Deferred taxes are recognized in cases of differences between the carrying amounts of assets and the liabilities in the financial statements and the carrying amounts as per tax regulations and are reported using the balance sheet liability method. Deferred tax liabilities are recognised for all deductible temporary differences given that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. In these financial statements, there are no temporary tax differences.

**3.6 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2014

All amounts are expressed in MKD thousand, unless otherwise stated

## 3. BASIC ACCOUNTING POLICIES (Continued)

## 3.6 Amounts stated in foreign currency (Continued)

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:

	2014	In MKD 2013
EUR	61,4814	61,5113
USD	50,5604	44,6284
CHF	51,1152	50,1764

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2014

All amounts are expressed in MKD thousand, unless otherwise stated

## 4. GRANTED DONATIONS

	2014	2013
Revenues from donations	21.779	15.814
<b>Total</b>	<b>21.779</b>	<b>15.814</b>

Breakdown of granted donations by donors:

	2014	2013
Ministry of Foreign Affairs of Kingdom of Norway	21.779	15.814
<b>Total</b>	<b>21.779</b>	<b>15.814</b>

## 5. OTHER REVENUES

	2014	2013
Sale of fixed assets	350	308
Other revenues	569	129
<b>Total</b>	<b>919</b>	<b>437</b>

## 6. OPERATING EXPENSES

	2014	2013
Office materials	1.885	1.311
Energy, fuel	206	199
Other project related costs	1.905	2.288
Transportation and communication costs	909	801
Maintenance services	97	264
Rents	772	1.003
Travel expenses and contributions	915	704
Marketing and international cooperation	649	1.393
Insurance	39	30
Bank services	113	89
Intellectual and other services	259	760
Tax	62	65
Salaries	9.582	8.858
Other transfers	9	20
Capital expenses	701	630
<b>Total</b>	<b>18.103</b>	<b>18.415</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2014

All amounts are expressed in MKD thousand, unless otherwise stated

**7. INCOME TAX**

Adjustments of income tax and surplus of revenues over expenses multiplied by the prescribed rate income tax

	2014
1 Surplus od revenues over expenses before taxes	10.235
2 Unrecognized expenses	-
3 Taxable income from related parties	-
4 Unclosed balances loans given	-
5 Tax base (1 + 2 + 3 + 4)	10.235
6 Tax base reliefs	10.235
7 The tax base after reduction (5-6)	-
8 Estimated income tax (7 x 10%)	-
9 Decrease of calculated income tax	-
<b>Income tax after decrease</b>	<b>-</b>
<i>Effective tax rate</i>	<i>0%</i>

The Organisation has not made reservations on the deferred tax assets in these financial statements because the Organisation does not have reasonable certainty to determine the level of the tax asset used in future.

**8. EQUIPMENT**

	Equipment	Total
Cost as of 1 January 2013	2.276	2.276
Additions	630	630
Sale of fixed assets	(465)	(465)
<b>Balance as of 31 December 2013</b>	<b>2.441</b>	<b>2.441</b>
Prior year adjustments	(100)	(100)
Additions	701	701
Sale of fixed assets	(445)	(445)
<b>Balance as of 31 December 2014</b>	<b>2.597</b>	<b>2.597</b>
Accumulated depreciation		
as of 1 January 2013	1.098	1.098
Depreciation	207	176
Sale of fixed assets	(176)	(207)
<b>Balance as of 31 December 2013</b>	<b>1.129</b>	<b>1.129</b>
Depreciation	252	252
Sale of fixed assets	(250)	(250)
<b>Balance as of 31 December 2014</b>	<b>1.131</b>	<b>1.131</b>
Net book value as of:		
- 31 December 2014	1.446	1.446
- 31 December 2013	1.312	1.312



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2014

All amounts are expressed in MKD thousand, unless otherwise stated

**9. ACCOUNTS RECEIVABLE**

	<u>2014</u>	<u>2013</u>
Domestic accounts receivables	-	123
<b>Balance at 31 December</b>	<b>-</b>	<b>123</b>

**10. CASH AND CASH EQUIVALENTS**

	<u>2014</u>	<u>2013</u>
Current account	3.129	349
Foreign exchange account	7.098	5.144
Cash	72	75
<b>Balance at 31 December</b>	<b>10.299</b>	<b>5.568</b>

**11. OPERATING FUND**

	<u>2014</u>	<u>2013</u>
Operating fund	1.466	1.312
Current surplus of revenues over expenses	10.235	5.620
<b>Balance at 31 December</b>	<b>11.701</b>	<b>6.932</b>

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>2014</u>	<u>2013</u>
Domestic account payable	52	71
<b>Balance at 31 December</b>	<b>52</b>	<b>71</b>

**NOTES TO THE FINANCIAL STATEMENTS****For the Year Ended 31 December 2014****All amounts are expressed in MKD thousand, unless otherwise stated****13. OTHER CURRENT LIABILITIES**


	<u>2014</u>	<u>2013</u>
Other current liabilities	<u>12</u>	<u>-</u>
Balance at 31 December	<u><u>12</u></u>	<u><u>-</u></u>

**13. OFF-BALANCE RECORDS**

As of 31 December 2014 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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