



**Nansen Dialogue Centre,  
Skopje**

Financial Statements for the Year Ended  
31 December 2017 and

**Independent Auditor's Report**

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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 (in the following text "the Association"), which comprise the Balance Sheet as of 31 December 2017, 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 the Auditing Standards applicable in the Republic of Macedonia<sup>1</sup>. 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.

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<sup>1</sup> International Standards on Auditing ("ISA") issued by the International Auditing and Assurance Standards Board (IAASB), which are in effect from 15 December 2009, translated and published in Official Gazette of RM no. 79 from 2010

To:  
The Management of  
Nansen Dialogue Centre  
Skopje

## INDEPENDENT AUDITOR'S REPORT (Continued)

### **Auditor's opinion**

In our opinion, the financial statements of the NGO Nansen Dialogue Centre Skopje, give a true and fair view, in all material aspects, of the financial position of the Association as of 31 December 2017, 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.

### **Other matter paragraph**

The Financial Statements of the Association for the year ended 31 December 2016 are audited by another auditor who in the Auditor's Report as of 8 May 2017 has expressed an unqualified opinion.

Certified Auditor, Partner

Darko Kalin



27.04.2018

Director

Darko Kalin

**STATEMENT OF REVENUES AND EXPENSES**  
**For the Year Ended 31 December 2017 and 2016**  
**In MKD thousands**

	<b>Notes</b>	<b>2017</b>	<b>2016</b>
Revenue from services	4	-	464
Granted donations	5	29.547	18.022
Transferred surplus of revenue from the previous year		10.069	7.593
Revenue from financing	6	105	17
Surplus of revenues over expenses from previous years		7.594	10.069
<b>TOTAL REVENUES</b>		<b>39.995</b>	<b>26.348</b>
Operating expenses	7	(7.379)	(3.029)
Expenses for employees	8	(13.603)	(9.574)
Capital expenses	9	(4.400)	(1.885)
Other services	10	(2.998)	(1.790)
<b>TOTAL EXPENSES</b>		<b>(28.380)</b>	<b>(16.280)</b>
<b>Surplus of revenues over expenses before taxes</b>		<b>11.615</b>	<b>10.069</b>
Income Tax		-	-
<b>Surplus of revenues over expenses after taxation</b>		<b>11.615</b>	<b>10.069</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 Association and were signed on its behalf by:

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Sashko Stojkovski

President

**BALANCE SHEET**  
**As of 31 December 2017 and 2016**  
**In MKD thousands**

	Notes	31 December 2017	31 December 2016
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	1.901	1.975
		<b>1.901</b>	<b>1.975</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	12	11.346	10.123
Other current assets	13	364	-
		<b>11.710</b>	<b>10.123</b>
<b>TOTAL ASSETS</b>		<b>13.611</b>	<b>12.098</b>
<b>LIABILITIES AND OPERATING FUND</b>			
<b>OPERATING FUND</b>			
Operating Fund		1.901	1.975
Surplus of revenues over expenses after taxation		11.615	10.069
	14	<b>13.516</b>	<b>12.044</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable	15	57	54
Other current liabilities	16	38	-
		<b>95</b>	<b>54</b>
<b>TOTAL LIABILITIES AND FUNDS</b>		<b>13.611</b>	<b>12.098</b>

**STATEMENT OF CHANGES IN OPERATING FUND**  
**For the Year Ended 31 December 2017 and 31 December 2016**  
**In MKD thousands**

	Operating Fund	Surplus of revenues over expenses	TOTAL
<b>Balance as of 1 January 2016</b>	<b>1.815</b>	<b>7.594</b>	<b>9.409</b>
Transferred surplus of revenues over expenses from previous year	-	(7.594)	<b>(7.594)</b>
Additions	799	-	<b>799</b>
Sale of fixed assets	(531)	-	<b>(531)</b>
Depreciation for the year	(284)	-	<b>(284)</b>
Depreciation of sold assets	176		<b>176</b>
Surplus of revenues over expenses for 2016	-	10.069	<b>10.069</b>
<b>Balance as of 31 December 2016</b>	<b>1.975</b>	<b>10.069</b>	<b>12.044</b>
Transferred surplus of revenues over expenses from previous year	-	(10.069)	<b>(10.069)</b>
Additions	322	-	<b>322</b>
Revaluation	47	-	<b>47</b>
Depreciation for the year	(424)	-	<b>(424)</b>
Revaluation of depreciation	(19)	-	<b>(19)</b>
Surplus of revenues over expenses for 2017	-	11.615	<b>11.615</b>
<b>Balance as of 31 December 2017</b>	<b>1.901</b>	<b>11.615</b>	<b>13.516</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

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**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 2017 amounts 7 persons (31 December 2016 was 5 employees).

**2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS**

The financial statements of the Association 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.

The comparative figures for the year ended 31 December 2016 are presented as audited.

**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 Association'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 Association 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 2017

All amounts are expressed in MKD thousand, unless otherwise stated

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**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 Association in 2017 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 Associations 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% 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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

**3. BASIC ACCOUNTING POLICIES (Continued)****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.

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	<u>2017</u>	<u>2016</u>
EUR	61,4907	61,4812
USD	51,2722	58,3258
CHF	<u>52,5472</u>	<u>57,2504</u>

**4. REVENUES FROM SERVICES**

	<u>2017</u>	<u>2016</u>
Revenues from services	-	464
<b>Total</b>	<u>-</u>	<u>464</u>

**5. GRANTED DONATIONS**

	<u>2017</u>	<u>2016</u>
Revenues from donations	29.547	18.022
<b>Total</b>	<u>29.547</u>	<u>18.022</u>

**Breakdown of granted donations by donors:**

	<u>2017</u>
Ministry of Foreign Affairs of Kingdom of Norway	26.858
Gong Croatia	1.397
OSCE	1.292
<b>Total</b>	<u>29.547</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

## 6. REVENUE FROM FINANCING

	<u>2017</u>	<u>2016</u>
Interest	1	5
Foreign exchange gains	104	12
<b>Total</b>	<b><u>105</u></b>	<b><u>17</u></b>

## 7. OPERATING EXPENSES

	<u>2017</u>	<u>2016</u>
Materials	3.572	1.088
Utilities	203	178
Maintenance	247	68
Other services	423	23
Travel and post	905	588
Marketing, promotion	857	71
Rent	770	774
Other project related costs	402	239
<b>Total</b>	<b><u>7.379</u></b>	<b><u>3.029</u></b>

## 8. EXPENSES FOR EMPLOYEES

	<u>2017</u>	<u>2016</u>
Salaries and remunerations	13.603	9.575
<b>Total</b>	<b><u>13.603</u></b>	<b><u>9.575</u></b>

## 9. CAPITAL EXPENSES

	<u>2017</u>	<u>2016</u>
Material assets	322	799
Project related expenses	4.078	1.086
<b>Total</b>	<b><u>4.400</u></b>	<b><u>1.885</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

## 10. OTHER SERVICES

	<u>2017</u>	<u>2016</u>
Intellectual services	419	531
Bank charges	124	75
Per diems and travel costs	1.013	877
Exchange rates	91	23
Taxes	137	124
Other expenses	1.214	160
<b>Total</b>	<b><u>2.998</u></b>	<b><u>1.790</u></b>

## 11. PROPERTY, PLANT AND EQUIPMENT

	<u>Office equipment, furniture, vehicles</u>	<u>Total</u>
<b>Cost as of 1 January 2016</b>	<b>3.047</b>	<b>3.047</b>
Additions	799	799
Sale of assets	(531)	(531)
<b>Balance as of 31 December 2016</b>	<b><u>3.315</u></b>	<b><u>3.846</u></b>
Additions	322	322
Revaluation	47	47
<b>Balance as of 31 December 2017</b>	<b><u>3.684</u></b>	<b><u>4.215</u></b>
<b>Accumulated depreciation</b>		
<b>as of 1 January 2016</b>	<b>1.232</b>	<b>1.232</b>
Depreciation 2016	284	284
Sale of assets	(176)	(176)
<b>Balance as of 31 December 2016</b>	<b><u>1.783</u></b>	<b><u>1.783</u></b>
Depreciation 2017	424	424
Revaluation of depreciation	19	19
<b>Balance as of 31 December 2017</b>	<b><u>1.783</u></b>	<b><u>1.783</u></b>
<b>Net book value as of:</b>		
- 31 December 2017	<b><u>1.901</u></b>	<b><u>1.901</u></b>
- 31 December 2016	<b><u>1.975</u></b>	<b><u>1.975</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

## 12. CASH AND CASH EQUIVALENTS

	<u>2017</u>	<u>2016</u>
Bank account	2.695	1.137
Petty cash	17	93
Foreign currency bank account	8.634	8.892
<b>Balance at 31 December</b>	<b><u>11.346</u></b>	<b><u>10.123</u></b>

## 13. OTHER CURRENT ASSETS

	<u>2017</u>	<u>2016</u>
Other receivables	364	-
<b>Balance at 31 December</b>	<b><u>364</u></b>	<b><u>-</u></b>

## 14. OPERATING FUND

	<u>2017</u>	<u>2016</u>
Operating fund	1.901	1.975
Current surplus of revenues over expenses	11.615	10.069
<b>Balance at 31 December</b>	<b><u>13.516</u></b>	<b><u>12.044</u></b>

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

## 15. ACCOUNTS PAYABLE

	<u>2017</u>	<u>2016</u>
Domestic accounts payable	57	54
Foreign account payable	-	-
<b>Balance at 31 December</b>	<b><u>57</u></b>	<b><u>54</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended 31 December 2017

All amounts are expressed in MKD thousand, unless otherwise stated

**16. OTHER CURRENT LIABILITIES**

	<u>2017</u>	<u>2016</u>
Other current liabilities	38	-
<b>Balance at 31 December</b>	<b><u>38</u></b>	<b><u>-</u></b>

**17. OFF-BALANCE RECORDS**

As of 31 December 2017, the Association has no off-balance sheet exposure.

**18. SUBSEQUENT EVENETS**

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