



**Nansen Dialogue Centre,
Skopje**

Financial Statements for the Year Ended
31 December 2018 and

Independent Auditor's Report

Table of contents

Page

INDEPENDENT AUDITORS REPORT – FINANCIAL AUDIT

1

FINANCIAL STATEMENTS

- Statement of revenues and expenses

3

- Balance Sheet

4

- Statement of changes in funds

5

- Notes to the Financial Statements

6

To:
The Management of
Nansen Dialogue Centre, Skopje

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Association Nansen Dialogue Centre, (in the following text "the Association"), which comprise the Balance Sheet as of 31 December 2018, 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 Macedonia¹. 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.

¹ 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 Nansen Dialogue Centre, give a true and fair view, in all material aspects, of the financial position of the Association as of 31 December 2018, 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.

Certified Auditor, Partner

Darko Kalin



20 March 2020

Director

Darko Kalin

STATEMENT OF REVENUES AND EXPENSES
As of 31 December 2018, and 2017
In MKD thousands

	Notes	31 December 2018	31 December 2017
Granted Donations	4	25.078	29.548
Services Rendered	5	357	-
Financial Income	6	28	105
Other Revenues	7	256	274
Surplus Revenue from previous years	8	11.615	10.069
TOTAL REVENUES		37.334	39.996
Operating Expenses	9	(7.669)	(7.379)
Other Services	10	(3.574)	(2.998)
Capital Expenses	11	(4.834)	(4.400)
Expenses for Employees	12	(11.885)	(13.603)
TOTAL EXPENSES		(27.962)	(28.380)
Surplus of revenues over expenses before taxes		9.372	11.615
Income Tax		-	-
Surplus of revenues over expenses after taxation		9.372	11.615

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:

Sashko Stojkovski

President

BALANCE SHEET
As of 31 December 2018 and 2017
In MKD thousands

	Notes	31 December 2018	31 December 2017
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	13	9.492	11.346
Other Receivable	14	70	364
		9.562	11.710
NON-CURRENT ASSETS			
Property, Plant and Equipment	15	1.951	1.901
		1.951	1.901
TOTAL ASSETS		11.513	13.611
LIABILITIES AND OPERATING FUND			
CURRENT LIABILITIES			
Accounts payable	16	190	57
Other current liabilities	17	-	38
		190	95
OPERATING FUND			
Operating Fund		1.923	1.873
Reserves		28	28
Surplus of Revenues Over Expenses After Taxation		9.372	11.615
		11.323	13.516
TOTAL LIABILITIES AND FUNDS		11.513	13.611

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

STATEMENT OF CHANGES IN OPERATING FUND
For the Year Ended 31 December 2018 and 31 December 2017
In MKD thousands

	Operating Fund	Surplus of Revenues over Expenses	TOTAL
Balance as of 1 January 2017	1.975	10.069	12.044
Transferred surplus of revenues over expenses from previous year	-	(10.069)	(10.069)
Purchase of fixed assets 2017	322	-	322
Depreciation for 2017	(424)	-	(424)
Revaluation	47	-	47
Revaluation of depreciation	(19)	-	(19)
Surplus of revenues over expenses for next year	-	11.615	11.615
Balance as of 31 December 2017	1.901	11.615	13.516
Balance as of 1 January 2018	1.901	11.615	13.516
Transferred surplus of revenues over expenses from previous year	-	(11.615)	(11.615)
Purchase of fixed assets 2018	732	-	732
Depreciation for 2018	(309)	-	(309)
Sale of fixed assets	(373)	-	(373)
Surplus of revenues over expenses for next year	-	9.372	9.372
Balance as of 31 December 2018	1.951	9.372	11.323

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2018

All amounts are expressed in MKD thousand, unless otherwise stated

1. ESTABLISHMENT AND ACTIVITY

Nansen Dialogue Centre Skopje is local non-governmental and non-profit organization, founded in 2000. The Association is registered in the Register of Associations of Citizens and Foundations with EMS 5386861.

NDC Skopje is profiled as an intercultural resource centre, which continuously creates and develops innovative intercultural upbringing and education strategies, approaches and resources, supporting teachers, students and parents in creating new and successful intercultural school practices.

The vision of NDC Skopje is a society in which everyone has equal access to high-quality education based on interculturalism, integration and interethnic cohesion.

The mission of NDC Skopje is to support and contribute to the development of education by strengthening the capacities of upbringing and educational institutions and entities with initiating intercultural and innovative educational policies and practices, as well as promoting and implementing the dialogue for conflict prevention, reconciliation and building peace in society.

The headquarters of the Association is Bahar Moris number 4, Skopje.

The total number of employees as at 31 December 2018 amounted 7 employees (31 December 2017 was 7 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.

3. BASIC ACCOUNTING POLICIES

These financial statements are prepared in accordance with the terms set in the Law for accounting of the non-for-profit organizations (Official Gazette of RM no.24/2003, 17/2011, C.court 80.2005, 154/2015), the Rulebook for accounting of non-for-profit organizations (Official Gazette of RM no. 42/2003, 8/2009, 12/2009, 175/2011), the Rulebook for accounting nomenclature and financial statements of non-for-profit organizations (Official Gazette of RM no. 117/2005, 11/2006) and the Rulebook of the content of accounts of the accounting nomenclature of the non-for-profit organizations (Official Gazette of RM no.117/2005).

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2018

All amounts are expressed in MKD thousand, unless otherwise stated

3. BASIC ACCOUNTING POLICIES (continued)

Financial statement are prepared for the years ended 31 December 2018 and 2017. Operational and reporting currency of the Association is the Macedonian Denar. Current and comparative data presented in these financial statements are stated in thousands of MKD, except stated otherwise.

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

Classified as material and non-material assets are:

- Assets kept for performing the activity
- Assets which are expected to be used more than one financial period and whose separate value at the moment of purchase is higher than 300 EUR in Macedonian denar counter-value.

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 purchase related costs. 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.

Sources of funding of the Association are increased for the amount of the material and non-material assets. Material and Non-Material assets are recognized as capital expenditure at the moment when they occur (payment).

All other continuous maintenance is evidenced as cost in the Statement of Revenues and Expenses during the period in which they occur.

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 depreciation rates, applied by the Institute in 2018 are as follows: 1 – 2,5% for buildings, 10 – 20% for equipment, 12 – 16% for furniture and 25% for computer equipment.

The amount of the current depreciation is recorded on the burden of the operating fund. The calculation of the depreciation is performed separately for each item, and not for groups of assets.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2018

All amounts are expressed in MKD thousand, unless otherwise stated

3. BASIC ACCOUNTING POLICIES (Continued)**3.4. Receivables**

Receivables are recognized at their nominal value in the accounting document in accordance with the agreed amount, decreased for the valuation allowance.

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% (2017: 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 Sources of funding

Sources of funding are valued at the amount of assets and revaluation reserve.

3.7 Liabilities

Liabilities to suppliers, employees, salaries, taxes and other current liabilities are stated at their nominal value. Liabilities in other currencies are stated at mid-exchange rate of NBRM.

3.8 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).

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2018

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:

	<u>31 December 2018</u>	<u>31 December 2017</u>
1 USD	53,6887 Denar	51,2722 Denar
1 NOK	6,1657 Denar	6,2489 Denar
1 EUR	61,4950 Denar	61,4907 Denar

4. GRANTED DONATIONS

	<u>2018</u>	<u>2017</u>
Revenues from donations	25.078	29.548
Total	<u>25.078</u>	<u>29.548</u>

In the course of 2018, revenues from the following donors were realized:

Breakdown of granted donations by donors:	<u>2018</u>
1 Ministry of Foreign Affairs Of Kingdom of Norway	23.953
2 ERASMUS	93
3 OSCE	1.032
Total	<u>25.078</u>

5. SERVICES RENDERED

	<u>2018</u>	<u>2017</u>
Revenue from sale of fixed assets	357	-
Total	<u>357</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2018

All amounts are expressed in MKD thousand, unless otherwise stated

6. FINANCIAL REVENUES

	2018	2017
Interest income and foreign exchange gains	28	105
Total	28	105

7. OTHER REVENUES

	2018	2017
Income from refund	214	82
Other revenues	42	192
Total	256	274

8. SURPLUS OF REVENUES FROM PREVIOUS YEARS

	2018	2017
Surplus of revenues from previous years	11.651	10.069
Total	11.651	10.069

9. OPERATING EXPENSES

	2018	2017
Materials	4.466	3.572
Utilities	220	203
Maintenance	192	247
Printing services	235	423
Other services (taxi, telephone)	1.128	905
Rent	763	770
Travel and hotel accommodation	404	857
Other expenses	261	402
Total	7.669	7.379

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2018

All amounts are expressed in MKD thousand, unless otherwise stated

10. OTHER SERVICES

	2018	2017
Bank charges	90	124
Insurance	100	76
Per diems and travel costs	1.494	1.014
Intellectual services	795	419
Expenses for cooperation	1.001	1.214
Exchange Rates	34	91
Other taxes	60	60
Total	3.574	2.998

11. CAPITAL EXPENSES

	2018	2017
Project related expenses – donated assets	4.102	4.078
Material assets	732	322
Total	4.834	4.400

12. EXPENSES FOR EMPLOYEES

	2018	2017
Salaries and remunerations	11.885	13.603
Total	11.885	13.603

13. CASH AND CASH EQUIVALENTS

	2018	2017
Bank account	4.659	2.695
Petty cash	56	17
Foreign currency bank account	4.777	8.634
Total	9.492	11.346

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2018

All amounts are expressed in MKD thousand, unless otherwise stated

14. OTHER RECEIVABLE

	<u>2018</u>	<u>2017</u>
Receivables from employees	70	364
Total	<u>70</u>	<u>364</u>

15. PROPERTY, PLANT, EQUIPMENT

	<u>Property, plant and equipment</u>	<u>Total</u>
Cost as of 1 January 2017	3.315	3.315
Additions 2017	322	322
Revaluation	47	47
Balance as of 31 December 2017	<u>3.684</u>	<u>3.684</u>
Additions 2018	732	732
Sale of assets	(373)	(373)
Balance as of 31 December 2018	<u>4.043</u>	<u>4.043</u>
Accumulated depreciation as of 1 January 2017	1.340	1.340
Depreciation 2017	424	424
Revaluation of depreciation	19	19
Balance as of 31 December 2017	<u>1.783</u>	<u>1.783</u>
Depreciation 2018	309	309
Balance as of 31 December 2018	<u>2.092</u>	<u>2.092</u>
Net book value as of:		
- 31 December 2017	<u>1.901</u>	<u>1.901</u>
- 31 December 2018	<u>1.951</u>	<u>1.951</u>

16. ACCOUNTS PAYABLE

	<u>2018</u>	<u>2017</u>
Domestic accounts payable	190	57
Total	<u>190</u>	<u>57</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2018

All amounts are expressed in MKD thousand, unless otherwise stated

17. OTHER CURRENT LIABILITIES

	<u>2018</u>	<u>2017</u>
Other accounts payable	-	38
Total	<u>-</u>	<u>38</u>

18. OFF-BALANCE RECORDS

As of 31 December 2018, the Association has no off-balance sheet exposure.

19. SUBSEQUENT EVENETS

After 31 December 2018 – date of reporting, until the date of approval of these financial statements, there are no material subsequent events that would have an impact on understanding of financial statements, or which would require correction of the financial statements.