

**Network of Associations of Local Authorities of
South East Europe (NALAS)**

Financial Statements for the year ended
31 December 2011

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GENERAL INFORMATION

Management

Kelmend Zajazi
Executive Director

Registered office

Partizanski Odredi 42/7,
1000 Skopje
Macedonia

Bankers

Prokredit Bank AD Skopje,
Jane Sandanski no.109a
1000 Skopje
Macedonia

Societe Generale
Strasbourg
France

Auditors

PricewaterhouseCoopers Revizija d.o.o. Skopje
Oktomvriska Revolucija Blvd. bb,
Hyperium Business Center, 2nd floor I,
1000 Skopje,
Macedonia



Independent Auditor's Report

To: Network of Associations of Local Authorities in South- East Europe (NALAS),
Attn. Executive Director
Kelmend Zajazi
bul. Partizanski Odredi 42/7, 1000 Skopje, Republic of Macedonia

Report on the project financial statements

We have audited the accompanying special purpose financial statements of the "Network of Associations of Local Authorities in South- East Europe" (NALAS), which comprise of Statement of Sources and Uses of Funds, Statement of Expenditures and Summary of Funds and Expenditures for the year ended 31 December 2011 and a summary of significant accounting policies and other explanatory notes for the year then ended prepared in accordance with the cash receipts and disbursements basis as described in Note 3.2 .

Management's responsibility for the financial statements

The management of the NALAS is responsible for the preparation and fair presentation of these special purpose financial statements in accordance with the cash receipts and disbursement basis as described in Note 3.2. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies.

Auditor's responsibility

Our responsibility is to express an opinion on these special purpose 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 special purpose financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose 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 special purpose 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 special purpose financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying special purpose financial statements as of 31 December 2011 have been properly prepared, in all material respects, in accordance with the cash receipts and disbursements basis as described in Note 3.2.

PricewaterhouseCoopers Revizija DOO
PricewaterhouseCoopers Revizija DOO Skopje
March 09, 2012

STATEMENT OF SOURCES AND USES OF FUNDS

For the year 31 December 2011

(Expressed in EUR)

	note	SDC grant	GIZ grant	NEXPO	UNDP	Other projects	Membership fees and other own sources	Total 2011	Total 2010
SOURCES OF FUNDS									
Balance on beginning of year 2011		16,981	89,478	-	-	2,789	33,434	142,682	30,383
Currency exchange gains from prior year		-	-	-	-	-	-	-	3
Transfers for reserve fund and others	10	(2,999)	-	-	-	(2,789)	5,788	-	-
NEXPO transfer from 2011		-	-	2,070	-	-	(2,070)	-	-
Balance on beginning of year, net		13,982	89,478	2,070	-	-	37,152	142,682	30,386
Membership fee		-	-	-	-	-	14,845	14,845	13,939
Grants from SDC	4	245,222	-	-	-	-	-	245,222	219,640
Grants from SDC-audit	4	4,025	-	-	-	-	-	4,025	-
Grants from GIZ	5	-	180,000	-	-	-	-	180,000	334,407
Grant from OSI/LGI		-	-	-	-	-	-	-	24,941
Grants from GIZ ORF		-	-	-	-	-	-	-	24,919
Other own sources		-	-	-	-	-	1,485	1,485	7,856
Direct payments by GIZ		-	-	-	-	-	-	-	862
NEXPO		-	-	85,227	-	-	-	85,227	-
UNDP ("Think Globally, Develop Locally" Project)		-	-	-	62,239	-	-	62,239	-
SCTM (CLA II Project)		-	-	-	-	960	-	960	-
AKM ("Municipal Landfill Management" Project)		-	-	-	-	14,332	-	14,332	-
TOTAL SOURCES OF FUNDS		263,229	269,478	87,297	62,239	15,292	53,482	751,017	656,950
STRUCTURAL EXPENSES									
Personnel		63,036	57,488	-	-	-	-	120,524	116,641
Office expenditures		18,050	25,537	864	-	-	165	44,616	37,838
Statutory meetings		37,175	37,948	-	-	-	-	75,123	49,658
External relations		10,714	7,599	-	-	-	-	18,313	18,579
Total structural expenses		128,975	128,572	864	-	-	165	258,576	222,716

STATEMENT OF SOURCES AND USES OF FUNDS

For the year 31 December 2011

(Expressed in EUR)

	note	SDC grant	GIZ grant	NEXPO	UNDP	Other projects	Membership fees and other own sources	Total 2011	Total 2010
TASK FORCES AND KNOWLEDGE CENTER									
Task Force on Fiscal Decentralisation		8,831	11,374	-	-	-	-	20,205	34,901
Task Force on Urban Planning		3,877	8,630	-	-	-	-	12,507	17,260
Task Force on Association Development		23,102	11,752	86,433	-	-	450	121,737	98,976
Task Force on Solid Waste Management		4,889	3,297	-	-	-	-	8,186	19,862
Task Force on Energy Efficiency		8,903	4,596	-	-	-	-	13,499	24,446
Task Force on Sustainable Tourism		1,887	446	-	-	-	-	2,333	-
Knowledge Center		84,271	4,261	-	-	-	-	88,532	60,007
Total task forces and knowledge center		135,760	44,356	86,433	-	-	450	266,999	255,452
Energy efficiency project		-	-	-	-	-	-	-	25,491
CLA II Project		-	-	-	-	960	-	960	-
"Think Globally, Develop Locally" Project		-	-	-	43,108	-	-	43,108	-
"Municipal Landfill Management" Project		-	-	-	-	6,628	-	6,628	-
Audit fees for 2011		4,025	-	-	-	-	-	4,025	4,027
TOTAL EXPENDITURES		268,760	172,928	87,297	43,108	7,588	615	580,296	507,686
Bank charges/interest for bank account in Strasbourg		-	-	-	-	-	18	18	(102)
Currency exchange gains		-	-	-	742	-	(47)	695	(48)
Surplus of funds over expenditures		(5,531)	96,550	-	19,873	7,704	52,838	171,434	149,114
VAT Tax return		-	-	-	-	-	-	-	1,337
Advances given	6	(98)	-	-	(1,564)	-	(2,926)	(4,588)	(3,439)
Savings returned grant funds to GIZ		-	-	-	-	-	-	-	(7,479)
Savings returned grant funds to GIZ ORF		-	-	-	-	-	-	-	(290)
Savings returned grant funds to AKM	9	-	-	-	-	(7,704)	-	(7,704)	-
Cash available from surplus of funds over expenditures		(5,629)	96,550	-	18,309	-	49,912	159,142	139,243

STATEMENT OF SOURCES AND USES OF FUNDS

For the year 31 December 2011
(Expressed in EUR)

	note	SDC grant	GIZ grant	NEXPO	UNDP	Other projects	Membership fees and other own sources	Total 2011	Total 2010
Cash available from surplus of funds over expenditures is represented by:									
Bank account								156,294	135,206
Petty cash account								2,848	4,037
Total cash available								159,142	139,243

Authorized on behalf of

Executive Director



Date:

9. MARCH 2012

STATEMENT OF EXPENDITURE DETAILS

For the year ended 31 December 2011

(Expressed in EUR)

	note	SDC grant	GIZ grant	NEXPO	UNDP	Other projects	Membership fees and other own sources	Total 2011	Total 2010
STRUCTURAL EXPENSES									
1. Personnel									
Executive director		29,887	-	-	-	-	-	29,887	29,904
IT/Knowledge center manager		22,779	-	-	-	-	-	22,779	22,792
Program officer 1		-	20,604	-	-	-	-	20,604	17,957
Program officer 2		-	25,104	-	-	-	-	25,104	23,288
Administration officer		9,660	-	-	-	-	-	9,660	9,667
Financial officer		-	10,890	-	-	-	-	10,890	10,883
Staff development		710	890	-	-	-	-	1,600	2,150
Total personnel expenses		63,036	57,488	-	-	-	-	120,524	116,641
2. Office expenditures									
Operational expenses		18,050	25,537	864	-	-	165	44,616	37,838
Total office expenditures		18,050	25,537	864	-	-	165	44,616	37,838
3. Statutory meetings									
General assembly		27,403	26,157	-	-	-	-	53,560	20,685
CLO meetings		9,772	11,791	-	-	-	-	21,563	23,823
Executive bureau meetings		-	-	-	-	-	-	-	5,150
Total expenses for statutory meetings		37,175	37,948	-	-	-	-	75,123	49,658
4. External relations									
External relations		10,714	7,599	-	-	-	-	18,313	18,579
Total external relations		10,714	7,599	-	-	-	-	18,313	18,579
Total structural expenses		128,975	128,572	864	-	-	165	258,576	222,716

STATEMENT OF EXPENDITURE DETAILS (Continued)

For the year ended 31 December 2011

(Expressed in EUR)

	note	SDC grant	GIZ grant	NEXPO	UNDP	Other projects	Membership fees and other own sources	Total 2011	Total 2010
TASK FORCES AND KNOWLEDGE CENTER									
1. Task Force on Fiscal Decentralisation									
Ordinary meetings		6,624	11,374	-	-	-	-	17,998	8,596
Final conference		-	-	-	-	-	-	-	-
Experts and consultants		2,207	-	-	-	-	-	2,207	26,305
Outputs		-	-	-	-	-	-	-	-
Total task force on fiscal decentralisation		8,831	11,374	-	-	-	-	20,205	34,901
2. Task Force on Urban Planning									
Ordinary meetings		3,877	8,630	-	-	-	-	12,507	17,260
Final conference		-	-	-	-	-	-	-	-
Experts and consultants		-	-	-	-	-	-	-	-
Outputs		-	-	-	-	-	-	-	-
Total task force on urban planning		3,877	8,630	-	-	-	-	12,507	17,260
3. Task Force on Association Development									
Ordinary meetings		7,845	8,428	-	-	-	-	16,273	3,390
Quick response		11,840	651	-	-	-	-	12,491	13,928
Shadowing/Internship		2,430	2,636	-	-	-	450	5,516	13,808
Meetings of MA's staff		430	37	-	-	-	-	467	28,731
Meetings of presidents of LGAs		-	-	-	-	-	-	-	23,776
Other initiatives		557	-	-	-	-	-	557	15,343
NEXPO		-	-	86,433	-	-	-	86,433	-
Total task force on association development		23,102	11,752	86,433	-	-	450	121,737	98,976

STATEMENT OF EXPENDITURE DETAILS (Continued)

For the year ended 31 December 2011

(Expressed in EUR)

	note	SDC grant	GIZ grant	NEXPO	UNDP	Other projects	Membership fees and other own sources	Total 2011	Total 2010
4. Task Force on Solid Waste Management									
Ordinary meetings		4,889	3,297	-	-	-	-	8,186	19,862
Final conference		-	-	-	-	-	-	-	-
Experts and consultants		-	-	-	-	-	-	-	-
Outputs		-	-	-	-	-	-	-	-
Total task force on solid waste management		4,889	3,297	-	-	-	-	8,186	19,862
5. Task Force on Energy Efficiency									
Ordinary meetings		8,903	4,596	-	-	-	-	13,499	24,446
Final conference		-	-	-	-	-	-	-	-
Experts and consultants		-	-	-	-	-	-	-	-
Outputs		-	-	-	-	-	-	-	-
Total task force on energy efficiency		8,903	4,596	-	-	-	-	13,499	24,446
6. Task Force on Sustainable Tourism									
Ordinary meetings		1,887	446	-	-	-	-	2,333	-
Final conference		-	-	-	-	-	-	-	-
Experts and consultants		-	-	-	-	-	-	-	-
Outputs		-	-	-	-	-	-	-	-
Total task force on energy efficiency		1,887	446	-	-	-	-	2,333	-
7. Knowledge Center									
KNC establishment		-	-	-	-	-	-	-	-
Expert and content resource		1,914	2,683	-	-	-	-	4,597	16,485
Running KNC		63	1,578	-	-	-	-	1,641	4,382
National knowledge management		82,294	-	-	-	-	-	82,294	39,140
Total knowledge center		84,271	4,261	-	-	-	-	88,532	60,007
Total task forces and knowledge center		135,760	44,356	86,433	-	-	450	266,999	255,452

The accompanying notes form an integral part of the NALAS Statement

STATEMENT OF EXPENDITURE DETAILS (Continued)

For the year ended 31 December 2011

(Expressed in EUR)

	note	SDC grant	GIZ grant	NEXPO	UNDP	Other projects	Membership fees and other own sources	Total 2011	Total 2010
Energy efficiency project		-	-	-	-	-	-	-	25,491
CLA II Project		-	-	-	-	960	-	960	-
"Think Globally, Develop Locally" Project		-	-	-	43,108	-	-	43,108	-
"Municipal Landfill Management" Project		-	-	-	-	6,628	-	6,628	-
Audit fees for 2011		4,025	-	-	-	-	-	4,025	4,027
TOTAL EXPENDITURES		268,760	172,928	87,297	43,108	7,588	615	580,296	507,686

Network of Associations of Local Authorities of South East Europe (NALAS)

SUMMARY OF FUNDS AND EXPENDITURES (Expressed in EUR)

	note	31 December 2011	31 December 2010
EXPENDITURES AND CASH BALANCES			
1. Expenditures			
SDC grant	4	268,760	223,380
GIZ grant	5	172,928	264,746
OSI/LGI projects		-	26,345
UNDP projects		42,366	-
Membership fee and other own sources		662	1,134
NEXPO		87,297	-
Other projects		15,292	-
Total expenditures		587,305*	515,605
2. Advances			
Advances	6	4,588	3,439
Total Advances		4,588	3,439
3. Cash and bank balances			
Cash and bank balances		159,142	139,243
Total cash and bank balances		159,142	139,243
TOTAL EXPENDITURES AND CASH BALANCES		751,035	658,287
FUNDS			
1. Funds			
SDC grant	4	263,229	237,763
GIZ grant	5	269,478	355,485
OSI/LGI projects		-	29,134
UNDP projects		62,239	-
Membership fee and other own sources		53,500	32,498
NEXPO		87,297	2,070
Other projects		15,292	-
Total funds		751,035	656,950
2. VAT Refund			
VAT Refund	8	-	1,337
Total Advances		-	1,337
TOTAL FUNDS		751,035	658,287

*Note: The amount of 587,305 includes the returned amount to AKM of EUR 7,704 and the foreign exchange gains and losses EUR 695.

1. General information

NALAS is a network of associations of local authorities of South East Europe created following the first Forum of Cities and Regions of South East Europe organized by the Congress of Local and Regional Authorities of the Council of Europe. NALAS promotes the process of decentralization in cooperation with central governments and international organizations, considering local self-government as a key issue in the current process of transition affecting the various countries in South East Europe.

NALAS was established in 2001 as an informal network and on 2005 formally registered based on the Alsacian Law in Strasbourg, France. The NALAS Secretariat, which makes the executive capacity of NALAS, was registered as a branch office of NALAS under the Macedonian Law on 16 October 2007.

In the period from July 2006 till its registration, NALAS operations have been managed through bank account in Societe General in Strasburg and with the support by Swiss Embassy under coordination of the President and the Executive Director of NALAS.

As of 10 October 2007, NALAS was officially registered as branch office of foreign NGO and operate only through a non-resident account.

2. Objectives of NALAS

The overall goal of the association is to support the democratization and decentralization process in South East Europe in accordance with the principles of the European Charter of Local Self-Government.

NALAS should further the process of democratization and decentralization in South-East Europe and should develop partnerships between associations of local authorities in South-East Europe in order to promote stability and security, thereby assisting the process of European integration and European Union enlargement for the benefit of the countries in the region.

NALAS activities are guided by the NALAS Strategic Plan for the period 2009 - 2012. The overall objective is to stimulate the exchange of information and experiences among NALAS members, and to disseminate and promote the results of the NALAS activities.

NALAS is a first rate Knowledge Center representing one of the most reliable sources of information and expertise on local self-government issues in South-East Europe.

NALAS has a set of strategic objectives related to the following mid-term objectives:

- Strengthening of local governments to provide better services for citizens primarily in the areas of: fiscal autonomy / decentralization, urban development capacity, water and waste management, energy efficiency, EU legislation;
- Strengthening of role of member Local Government Associations (LGAs) in the decentralization process;
- Positioning of NALAS as a viable representative of SEE LGAs and Local Governments (LGs) within the European and broader international scene;
- Institutional and financial consolidation of NALAS in the areas of: networking and knowledge generation, functioning of the NALAS Secretariat, intercommunication between NALAS Secretariat and each LGA, financial sustainability of the NALAS network.

3. Basis for preparation of NALAS accounts

3.1. General

The accompanying Statement of Sources and Uses of Funds, Statement of Expenditures and Statement of Funds and Expenditures have been prepared for the purposes of reporting to the Swiss Agency for Development and Cooperation and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH ("the Donors") on the activities of the Association related to funding received for the completion of the objectives as established with the Agreement on support of the Local Democracy and Regional Integration in South East Europe and the Agreement on support of the Institutional Development "Network of Associations of Local Authorities of South-East Europe".

This Statement includes all operational and task-related expenditures incurred for the period from 1 January 2010 to 31 December 2011.

3.2. Accounting Convention

The policy of the Association is to prepare the statement on a cash receipts and disbursements basis, which is in conformity with the Swiss Agency for Development and Cooperation and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH ("the Donors") accounting framework. On this basis revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred. The accounting policies have been applied consistently throughout the reporting period.

3.3. Reporting Currency

The Project statements (Statement of Sources and Uses of Funds, Statement of Expenditures and Statement of Funds and Expenditures) are prepared in EUR as this is the reporting currency of the Association.

The cash transactions executed during the year 2011 denominated in Macedonian Denars are translated into Euros using the average exchange rate for the year 2011, published by the National Bank of the Republic of Macedonia which was 1 EUR = MKD 61.53. The year end cash balance is translated at the official period end exchange rate published by the National Bank of the Republic of Macedonia, which on 31 December 2011 was 1 EUR = MKD 61.50.

The cash transactions executed during the year 2011 denominated in American Dollars are translated into Euros using the average exchange rate for the dates when payments occurred, published by the National Bank of the Republic of Macedonia. The average exchange rates which are used are: 1 USD =MKD 45.81 and 1 EUR = MKD 61.53 (i.e. 1 EUR = USD 1.34). The year end cash balance is translated at the official period end exchange rates published by the National Bank of the Republic of Macedonia, which on 31 December 2011 were 1 USD=MKD 47.53 and 1 EUR = MKD 61.50 (i.e. 1 EUR=USD 1.29) .

4. Swiss Agency for Development and Cooperation (SDC) Contribution

The Swiss Agency for Development and Cooperation (SDC) supported NALAS from its establishment to present. At the beginning, the contributions were intended mainly for speeding up the decentralization reforms and providing policy advice and legislative expertise. Subsequently, with the registration of the Secretariat office in Skopje, SDC decided to provide long-term funding to NALAS and due to the good experience to continue the support beyond. During 2011, NALAS received contributions from SDC in accordance with the Agreement for granting of contribution to the Project Local Democracy and Regional Integration in South – Eastern Europe – Support to NALAS for the period from 1 August 2009 to 31 December 2012 in total of CHF 1,088,500.

Network of Associations of Local Authorities of South East Europe (NALAS)

4. Swiss Agency for Development and Cooperation (SDC) Contribution (continued)

The contribution for the period 1 January 2011 to 31 December 2011 amounted to MKD 16,196,492 i.e. EUR 263,229 (MKD 15,948,840 i.e. EUR 259,204 as regular contribution and MKD 247,652 i.e. EUR 4,025 as contribution for covering the audit costs) and for the period 1 January 2010 to 31 December 2010 amounted to MKD 13,508,000 i.e. EUR 219,640.

Following is the detailed breakdown of funds and uses of funds contributed by SDC for the periods as defined by the Grant Agreements is as follows:

	1 January – 31 December 2011	1 January – 31 December 2010
PROJECT FUNDS	263,229	237,763
PROJECT EXPENDITURES		
STRUCTURAL EXPENSES		
1. Personnel		
Executive director	29,887	29,904
IT/Knowledge center manager	22,779	22,792
Program officer 1	-	-
Program officer 2	-	-
Administration officer	9,660	9,667
Financial officer	-	-
Staff development	710	145
Total personnel expenses	63,036	62,508
2. Office expenditures		
Operational expenses	18,050	14,130
Total office expenditures	18,050	14,130
3. Statutory meetings		
General assembly	27,403	2,760
CLO meetings	9,772	7,315
Executive bureau meetings	-	3,099
Total expenses for statutory meetings	37,175	13,174
4. External relations		
External relations	10,714	7,781
Total external relations	10,714	7,781
Total structural expenses	128,975	97,593

Network of Associations of Local Authorities of South East Europe (NALAS)

4. Swiss Agency for Development and Cooperation (SDC) Contribution (continued)

	1 January – 31 December 2011	1 January – 31 December 2010
TASK FORCES AND KNOWLEDGE CENTER		
1. Task Force on Fiscal Decentralisation		
Ordinary meetings	6,624	1,182
Final conference	-	-
Experts and consultants	2,207	-
Outputs	-	-
Total task force on fiscal decentralisation	8,831	1,182
2. Task Force on Urban Planning		
Ordinary meetings	3,877	8,070
Final conference	-	-
Experts and consultants	-	-
Outputs	-	-
Total task force on urban planning	3,877	8,070
3. Task Force on Association Development		
Ordinary meetings	7,845	2,540
Quick response	11,840	2,343
Shadowing/Internship	2,430	4,780
Meetings of MA's staff	430	15,412
Meetings of presidents of LGAs	-	20,178
Other initiatives	557	10,591
NEXPO	-	-
Total task force on association development	23,102	55,844
4. Task Force on Solid Waste Management		
Ordinary meetings	4,889	2,923
Final conference	-	-
Experts and consultants	-	-
Outputs	-	-
Total task force on solid waste management	4,889	2,923
5. Task Force on Energy Efficiency		
Ordinary meetings	8,903	9,944
Final conference	-	-
Experts and consultants	-	-
Outputs	-	-
Total task force on energy efficiency	8,903	9,944
6. Task Force on Sustainable Tourism		
Ordinary meetings	1,887	-
Final conference	-	-
Experts and consultants	-	-
Outputs	-	-
Total task force on energy efficiency	1,887	-

Network of Associations of Local Authorities of South East Europe (NALAS)

4. Swiss Agency for Development and Cooperation (SDC) Contribution (continued)

	1 January – 31 December 2011	1 January – 31 December 2010
7. Knowledge Center		
KNC establishment	-	-
Expert and content resource	1,914	3,263
Running KNC	63	1,394
National knowledge management	82,294	39,140
Total knowledge center	84,271	43,797
Total task forces and knowledge center	135,760	121,760
Audit fees for 2011	4,025	4,027
TOTAL EXPENDITURES	268,760	223,380

Network of Associations of Local Authorities of South East Europe (NALAS)

5. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH- Contribution

During 2011, NALAS received contributions from GIZ in accordance with the Agreement No: 81124255, for granting of contribution to the Project Institutional development "Network of Associations of Local Authorities of South-East Europe (NALAS)", for the period from 1 April 2010 to 31 December 2012, in total of EUR 600,000. The contribution for the period 1 January 2011 to 31 December 2011 amounted to EUR 269,478.

During 2010, NALAS received contributions from GIZ amounted to EUR 238,384, in accordance with the Agreement No: 81124255, and EUR 117,101 in accordance with the Contract NALAS-2/07-11-07 and Project No: 08.2016.7-003.00 .

	1 January – 31 December 2011	1 April – 31 December 2010 *	1 January – 31 December 2010 **	Total 2010 1 January – 31 December
PROJECT FUNDS	269,478	238,384	117,101	355,485
PROJECT EXPENDITURES				
STRUCTURAL EXPENSES				
1. Personnel				
Executive director	-	-	-	-
IT/Knowledge center manager	-	-	-	-
Program officer 1	20,604	13,091	4,866	17,957
Program officer 2	25,104	17,568	5,720	23,288
Administration officer	-	-	-	-
Financial officer	10,890	8,168	2,715	10,883
Staff development	890	2,005	-	2,005
Total personnel expenses	57,488	40,832	13,301	54,133
2. Office expenditures				
Operational expenses	25,537	15,964	7,570	23,534
Total office expenditures	25,537	15,964	7,570	23,534
3. Statutory meetings				
General assembly	26,157	16,874	1,051	17,925
CLO meetings	11,791	4,751	11,757	16,508
Executive bureau meetings	-	-	2,051	2,051
Total expenses for statutory meetings	37,948	21,625	14,859	36,484
4. External relations				
External relations	7,599	9,975	823	10,798
Total external relations	7,599	9,975	823	10,798
Total structural expenses	128,572	88,396	36,553	124,949

Network of Associations of Local Authorities of South East Europe (NALAS)

5. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH- Contribution (continued)

	1 January – 31 December 2011	1 April – 31 December 2010 *	1 January – 31 December 2010 **	Total 2010 1 January – 31 December
TASK FORCES AND KNOWLEDGE CENTER				
1. Task Force on Fiscal Decentralisation				
Ordinary meetings	11,374	7,362	52	7,414
Final conference	-	-	-	-
Experts and consultants	-	-	-	-
Outputs	-	-	-	-
Total task force on fiscal decentralisation	11,374	7,362	52	7,414
2. Task Force on Urban Planning				
Ordinary meetings	8,630	7,554	1,636	9,190
Final conference	-	-	-	-
Experts and consultants	-	-	-	-
Outputs	-	-	-	-
Total task force on urban planning	8,630	7,554	1,636	9,190
3. Task Force on Association Development				
Ordinary meetings	8,428	-	-	-
Quick response	651	-	11,585	11,585
Shadowing/Intership	2,636	2,145	6,883	9,028
Meetings of MA's staff	37	8,927	4,392	13,319
Meetings of presidents of LGAs	-	3,599	-	3,599
Other initiatives	-	-	4,752	4,752
NEXPO	-	-	-	-
Total task force on association development	11,752	14,671	27,612	42,283
4. Task Force on Solid Waste Management				
Ordinary meetings	3,297	12,734	4,205	16,939
Final conference	-	-	-	-
Experts and consultants	-	-	-	-
Outputs	-	-	-	-
Total task force on solid waste management	3,297	12,734	4,205	16,939
5. Task Force on Energy Efficiency				
Ordinary meetings	4,596	9,339	5,163	14,502
Final conference	-	-	-	-
Experts and consultants	-	-	-	-
Outputs	-	-	-	-
Total task force on energy efficiency	4,596	9,339	5,163	14,502
6. Task Force on Sustainable Tourism				
Ordinary meetings	446	-	-	-
Final conference	-	-	-	-
Experts and consultants	-	-	-	-
Outputs	-	-	-	-
Total task force on energy efficiency	446	-	-	-

Network of Associations of Local Authorities of South East Europe (NALAS)

5. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH- Contribution (continued)

	1 January – 31 December 2011	1 April – 31 December 2010 *	1 January – 31 December 2010 **	Total 2010 1 January – 31 December
7. Knowledge Center				
KNC establishment	-	-	-	-
Expert and content resource	2,683	7,364	5,858	13,222
Running KNC	1,578	1,486	1,502	2,988
National knowledge management	-	-	-	-
Total knowledge center	4,261	8,850	7,360	16,210
Total task forces and knowledge center	44,356	60,510	46,028	106,538
Energy efficiency project	-	-	25,491	25,491
TOTAL EXPENDITURES	172,928	148,906	108,072	256,978
VAT Tax return	-	-	(1,261)	(1,261)
Savings returned grant funds to GIZ	-	-	(7,768)	(7,768)

* Agreement No: 81124225/Project Processing No: 09.2264.1-001.00

** Contract NALAS-2/07-11-07 and Project No: 08.2016.7-003.00

6. Advances given

As of 31 December 2011, NALAS has disbursed funds as advances to member and third parties amount of EUR 4,588. During 2012, the advances were subsequently reimbursed.

7. Currency exchange loss/gain

The amount of EUR 695 represents foreign exchange gain resulting from the use of the average exchange rate for the year 2011 published by the National Bank of the Republic of Macedonia (the reporting rate) and the actual exchange rates at the transaction date used at the date of the bank transfers.

8. VAT Recoverable

Due to the Government Instruction for Implementation of the Exemption of VAT from 29 December 2009, effective from 1 January 2010, during 2011 the total amount of 6,266 EURO of VAT was exempted from the local tax authorities (1,634 euro for SDC grant and 4,632 EUR for GIZ grant).

9. Savings returned grant funds

The balance of the Project financed by AKM (contract IM1-56/2011) in total of EUR 7,704 was transferred to AKM in December 2011.

10. Reserve Fund

The amount of EUR 2,598 related to VAT refunded from the Tax Authorities during 2009, is included into the NALAS Reserve Fund during 2011, as approved by SDC.