

Special purpose financial statements and Independent
Auditor's Report

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

31 December 2016

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GENERAL INFORMATION

Management

Kelmend Zajazi
Executive Director

Registered office

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Bankers

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Sv. Kiril i Metodij 52b/1-20
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Independent Auditor's Report

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To the Management of

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

We have audited the accompanying special purpose financial statements of the “Network of Associations of Local Authorities in South-East Europe” (“NALAS” or “the Association”), which comprise the Summary of funds and expenditures as at 31 December 2016 and the Statement of sources and uses of funds and Statement of expenditures details for the year then ended and a summary of significant accounting policies and other explanatory information. The special purpose financial statements have been prepared by management of NALAS in accordance with the cash receipts and disbursement basis of accounting as described in Note 3.

Management's responsibility for the special purpose financial statements

Management is responsible for the preparation and fair presentation of these special purpose financial statements in accordance with the cash receipts and disbursements basis of accounting as described in Note 3, for determining that the basis of preparation of the special purpose financial statements is acceptable in the circumstances and for such internal control as management determines it necessary to enable the preparation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error.

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 Auditing Standards accepted in Republic of Macedonia¹. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free of material misstatements.

An audit involves performing procedure 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 risk of material misstatement of the special purpose financial statements, whether due to fraud or error.

¹International Standards on Auditing (“ISA”) issued by the International Auditing and Assurance Standards Board (“IAASB”), effective from 15 December 2009, translated and published in the “Official Gazette” of the Republic of Macedonia no. 79 from 2010.

In making those risk assessments, the auditor considers internal control relevant to the Association'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 Association'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 opinion.

Opinion

In our opinion, the accompanying special purpose financial statement's presents fairly in all material respects the financial position of NALAS as of 31 December 2016 and its sources and uses of funds and expenditure details for the year then ended, in accordance with the cash receipts and disbursements basis as described in Note 3.

Basis of accounting

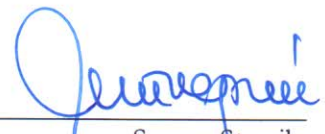
Without modifying our opinion, we draw attention to Note 3 to the special purpose financial statements, which describe the basis of accounting. The special purpose financial statements are prepared to state the financial position and results of NALAS as per NALAS's requirements. As a result, the financial statements may not be suitable for another purpose.

Grant Thornton DOO, Skopje

Skopje,
9 May 2017



Suzana Stavrik
Director



Suzana Stavrik
Certified Auditor

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

STATEMENT OF SOURCES AND USES OF FUNDS

For the year 31 December 2016

(Expressed in EUR)

	note	SDC grant	GIZ grant	ORF	WB	Attract SEE	Other projects	Membership fees and other own sources	Total 2016	Total 2015
SOURCES OF FUNDS										
Balance at beginning of year as stated		(6,729)	12,382	215,308	10,946	(8,773)	227	169,302	392,663	511,322
Currency exchange gains from prior year		(2)	-	-	-	-	-	2	-	-
Balance at beginning of year corrected		(6,731)	12,382	215,308	10,946	(8,773)	227	169,304	392,663	511,322
Membership fee		-	-	-	-	-	-	42,500	42,500	46,403
Other own revenues/contributions		-	-	-	-	-	-	1,235	1,235	-
Grants from SDC	4	243,546	-	-	-	-	-	-	243,546	243,467
Grants from GIZ	5	-	98,638	-	-	-	-	-	98,638	137,950
ORF (Local Leaders)		-	-	158,644	-	-	-	-	158,644	88,600
ORF (Asset Management)		-	-	112,970	-	-	-	-	112,970	111,012
ORF (Solid Waste Data Collection)		-	-	50,035	-	-	-	-	50,035	-
ORF (Solid Waste Management in cross-border rural and coastal areas of SEE)		-	-	75,802	-	-	-	-	75,802	58,519
Attract SEE		-	-	-	-	-	-	-	-	30,849
UN Women		-	-	-	-	-	11,028	-	11,028	3,863
WBI (WB Austria Urb. Partnership Progr. II)		-	-	-	112,710	-	-	-	112,710	18,785
EmBuild		-	-	-	-	-	40,462	-	40,462	-
RCC		-	-	-	-	-	35,340	-	35,340	-
USAID		-	-	-	-	-	11,920	-	11,920	-
TOTAL SOURCES OF FUNDS		236,815	111,020	612,759	123,656	(8,773)	98,977	213,039	1,387,493	1,250,770

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

STATEMENT OF SOURCES AND USES OF FUNDS (continued)

For the year 31 December 2016

(Expressed in EUR)

STRUCTURAL EXPENSES	Note	SDC grant	GIZ grant	ORF	WB	Attract SEE	Other projects	Membership fees and other own sources	Total 2016	Total 2015
Personnel		55,087	50,512	-	-	-	-	724	106,323	153,763
Office expenditures		12,803	15,209	-	-	-	-	855	28,867	40,558
Statutory meetings		3,949	4,745	-	-	-	-	-	8,694	51,920
External relations		6,894	1,188	-	-	-	-	-	8,082	9,189
Total structural expenses		78,733	71,654	-	-	-	-	1,579	151,966	255,430
TASK FORCES AND KNOWLEDGE CENTER										
Task Force on Fiscal Decentralisation		2,956	4,361	-	-	-	-	-	7,317	11,985
Task Force on Urban Planning		1,361	8,142	-	-	-	-	-	9,503	11,032
Task Force on Association Development		9,255	2,532	-	-	-	-	439	12,226	39,137
Task Force on Solid Waste Management		5,280	984	-	-	-	-	-	6,264	15,586
Task Force on Energy Efficiency		5,083	138	-	-	-	-	-	5,221	3,802
Task Force on Sustainable Tourism		2,773	194	-	-	-	-	-	2,967	12,613
Knowledge Center		26,867	43,265	-	-	-	-	-	70,132	98,742
Total task forces and knowledge center		53,575	59,616	-	-	-	-	439	113,630	192,897

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

STATEMENT OF SOURCES AND USES OF FUNDS (continued)

For the year 31 December 2016

(Expressed in EUR)

	note	SDC grant	GIZ grant	ORF	WB	Attract SEE	Other projects	Membership fees and other own sources	Total 2016	Total 2015
ORF (Local Leaders)		-	-	260,302	-	-	-	-	260,302	188,839
ORF (Asset Management)		-	-	213,331	-	-	-	-	213,331	131,604
ORF (Solid Waste Data Collection)		-	-	62,809	-	-	-	-	62,809	31,447
ORF (Solid Waste Management in cross-border rural and coastal areas of SEE)		-	-	99,037	-	-	-	-	99,037	35,284
Attract SEE		-	-	-	-	-	-	-	-	-
UN Women		-	-	-	-	-	12,083	-	12,083	9,571
WBI (WB Austria Urb. Partnership Progr. II)		-	-	-	127,742	-	-	-	127,742	7,839
EmBuild		-	-	-	-	-	1,630	-	1,630	-
RCC		-	-	-	-	-	25,241	2,805	28,046	-
USAID		-	-	-	-	-	11,920	545	12,465	-
Audit fees		3,783	-	-	-	-	-	-	3,783	5,997
TOTAL EXPENDITURES		136,091	131,270	635,479	127,742	-	50,874	5,368	1,086,824	858,908

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

STATEMENT OF SOURCES AND USES OF FUNDS (continued)
For the year 31 December 2016
(Expressed in EUR)

	note	SDC grant	GIZ grant	ORF	WB	Attract SEE	Other projects	Membership fees and other own sources	Total 2016	Total 2015
Bank interest	4	1,278	-	-	-	-	-	1,034	2,312	705
Currency exchange gains/loss	7	-	-	-	-	-	-	537	537	96
Surplus / (deficit) of funds over expenditures		102,002	(20,250)	(22,720)	(4,086)	(8,773)	48,103	209,242	303,518	392,663
Advances (given) / received	6	-	-	361	5,150	-	-	(1,532)	3,979	(51,525)
Cash available / (deficit) at end of year		102,002	(20,250)	(22,359)	1,064	(8,773)	48,103	207,710	307,497	341,138

Cash available at end of year

consist of:

Bank accounts

Petty cash

Total cash available at end of year

306,212	337,137
1,285	4,001
307,497	341,138

Authorized on behalf of


 Executive Director

Date: 08.05.2017

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

STATEMENT OF EXPENDITURE DETAILS For the year ended 31 December 2016 (Expressed in EUR)

	note	SDC grant	GIZ grant	ORF	WB	Attract SEE	Other projects	Membership fees and other own sources	Total 2016	Total 2015
STRUCTURAL EXPENSES										
1. Personnel										
Personnel expenses		55,087	50,512	-	-	-	-	724	106,323	153,763
Total personnel expenses		55,087	50,512	-	-	-	-	724	106,323	153,763
2. Office expenditures										
Operational expenses		12,803	15,209	-	-	-	-	855	28,867	40,558
Total office expenditures		12,803	15,209	-	-	-	-	855	28,867	40,558
3. Statutory meetings										
General assembly		894	-	-	-	-	-	-	894	34,096
CLO meetings		3,055	4,745	-	-	-	-	-	7,800	17,824
Executive Bureau Meeting		-	-	-	-	-	-	-	-	-
Total expenses for statutory meetings		3,949	4,745	-	-	-	-	-	8,694	51,920
4. External relations										
External relations		6,894	1,188	-	-	-	-	-	8,082	9,189
Total external relations		6,894	1,188	-	-	-	-	-	8,082	9,189
Total structural expenses		78,733	71,654	-	-	-	-	1,579	151,966	255,430

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

STATEMENT OF EXPENDITURE DETAILS (continued)
For the year ended 31 December 2016
(Expressed in EUR)

	note	SDC grant	GIZ grant	ORF	WB	Attract SEE	Other projects	Membership fees and other own sources	Total 2016	Total 2015
TASK FORCES AND KNOWLEDGE CENTER										
1.Task Force on Fiscal Decentralisation										
Ordinary meetings		1,337	4,239	-	-	-	-	-	5,576	1,179
Summer School/Final conference		-	-	-	-	-	-	-	-	9,246
Experts and consultants		-	-	-	-	-	-	-	-	1,337
Outputs		1,619	122	-	-	-	-	-	1,741	223
Total task force on fiscal decentralisation		2,956	4,361	-	-	-	-	-	7,317	11,985
2.Task Force on Urban Planning										
Ordinary meetings		1,361	8,142	-	-	-	-	-	9,503	11,032
Final conference		-	-	-	-	-	-	-	-	-
Experts and consultants		-	-	-	-	-	-	-	-	-
Outputs		-	-	-	-	-	-	-	-	-
Total task force on urban planning		1,361	8,142	-	-	-	-	-	9,503	11,032
3. Task Force on Association Development										
Ordinary meetings		3,999	217	-	-	-	-	439	4,655	16,221
Quick response		660	518	-	-	-	-	-	1,178	5,826
Shadowing/Internship		907	-	-	-	-	-	-	907	4,589
Meetings of MA's staff		-	-	-	-	-	-	-	-	-
Meetings of presidents of LGAs		-	-	-	-	-	-	-	-	11,771
Other initiatives		-	-	-	-	-	-	-	-	-
NEXPO		-	-	-	-	-	-	-	-	-
SEE 2020		686	-	-	-	-	-	-	686	730
EU		3,003	1,797	-	-	-	-	-	4,800	-
Total task force on association development		9,255	2,532	-	-	-	-	439	12,226	39,137

The accompanying notes from 1 to 8 form an integral part of the NALAS special purpose financial statements

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

STATEMENT OF EXPENDITURE DETAILS (continued) For the year ended 31 December 2016 (Expressed in EUR)

	note	SDC grant	GIZ grant	ORF	WB	Attract SEE	Other projects	Membership fees and other own sources	Total 2016	Total 2015
4. Task Force on Solid Waste Management										
Ordinary meetings		5,280	-	-	-	-	-	-	5,280	15,586
Final conference		-	-	-	-	-	-	-	-	-
Experts and consultants		-	984	-	-	-	-	-	984	-
Outputs		-	-	-	-	-	-	-	-	-
Total task force on solid waste management		5,280	984	-	-	-	-	-	6,264	15,586
5. Task Force on Energy Efficiency										
Ordinary meetings		5,083	138	-	-	-	-	-	5,221	3,802
Final conference		-	-	-	-	-	-	-	-	-
Experts and consultants		-	-	-	-	-	-	-	-	-
Outputs		-	-	-	-	-	-	-	-	-
Total task force on energy efficiency		5,083	138	-	-	-	-	-	5,221	3,802
6. Task Force on Sustainable Tourism										
Ordinary meetings		2,773	194	-	-	-	-	-	2,967	10,845
Final conference		-	-	-	-	-	-	-	-	-
Experts and consultants		-	-	-	-	-	-	-	-	1,092
Outputs		-	-	-	-	-	-	-	-	676
Total task force on sustainable tourism		2,773	194	-	-	-	-	-	2,967	12,613

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

STATEMENT OF EXPENDITURE DETAILS (continued) For the year ended 31 December 2016 (Expressed in EUR)

	note	SDC grant	GIZ grant	ORF	WB	Attract SEE	Other projects	Membership fees and other own sources	Total 2016	Total 2015
7. Knowledge Center										
Establish NALAS e-Academy		832	-	-	-	-	-	-	832	3,049
Expert and content resource		-	-	-	-	-	-	-	-	1,068
Running KNC		2,011	2,814	-	-	-	-	-	4,825	8,044
National knowledge management		24,024	40,451	-	-	-	-	-	64,475	86,581
Total knowledge Center		26,867	43,265	-	-	-	-	-	70,132	98,742
Total task forces and knowledge Center		53,575	59,616					439	113,630	192,897
ORF (Local Leaders)		-	-	260,302	-	-	-	-	260,302	188,839
ORF (Asset Management)		-	-	213,331	-	-	-	-	213,331	131,604
ORF (Solid Waste Data Collection)		-	-	62,809	-	-	-	-	62,809	31,447
ORF (Solid Waste Management in cross-border rural and coastal areas of SEE)		-	-	99,037	-	-	-	-	99,037	35,284
Attract SEE		-	-	-	-	-	-	-	-	-
UN Women		-	-	-	-	-	12,083	-	12,083	9,571
WBI (WB Austria Urb. Partnership Progr. II)		-	-	-	127,742	-	-	-	127,742	7,839
EmBuild		-	-	-	-	-	1,630	-	1,630	-
RCC		-	-	-	-	-	25,241	2,805	28,046	-
USAID		-	-	-	-	-	11,920	545	12,465	-
Audit fees		3,783	-	-	-	-	-	-	3,783	5,997
TOTAL EXPENDITURES		136,091	131,270	635,479	127,742	-	50,874	5,368	1,086,824	858,908

The accompanying notes from 1 to 8 form an integral part of the NALAS special purpose financial statements

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

SUMMARY OF FUNDS AND EXPENDITURES, 31 December 2016 (Expressed in EUR)

	note	31 December 2016	31 December 2015
ASSETS			
1. Expenditures			
SDC grant		136,091	230,803
GIZ grant		131,270	222,681
Membership fee and other own sources		5,368	840
Other projects		50,874	9,571
ATTRACT SEE		-	-
LL SEE (ORF)		260,302	188,839
Asset management (ORF)		213,331	131,604
Solid Waste Data Collection (ORF)		62,809	31,447
Solid Waste Management in cross-border rural and coastal areas of SEE (ORF)		99,037	35,284
WB		127,742	7,839
Total expenditures		1,086,824	858,908
2. Advances			
Advances given	6	1,532	51,525
Total Advances		1,532	51,525
3. Cash and bank balances			
Cash and bank balances		307,497	341,138
Total cash and bank balances		307,497	341,138
TOTAL ASSETS		1,395,853	1,251,571
LIABILITIES			
1. Funds			
SDC grant	4	238,093 ²	224,074
GIZ grant	5	111,020	235,063
Membership fee and other own sources		214,610 ³	170,142
Other projects		98,977	9,798
ATTRACT SEE		(8,773)	(8,773)
LL SEE (ORF)		237,582	267,777
Asset Management (ORF)		213,331	231,965
Solid Waste Data Collection (ORF)		62,809	44,221
Solid Waste Management in cross-border rural and coastal areas of SEE (ORF)		99,037	58,519
WB		123,656	18,785
Total funds		1,390,342	1,251,571

² The amount of EUR 238,093 includes SDC sources of funds of EUR 236,815, increased by positive bank interest of EUR 1,278

³ The amount of EUR 214,610 includes EUR 213,039 increased by positive foreign exchange rate of EUR 537 and bank interest of EUR 1,034.

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

SUMMARY OF FUNDS AND EXPENDITURES, 31 December 2016 (continued) (Expressed in EUR)

	note	31 December 2016	31 December 2015
2. Advances			
Advances received	6	5,511	-
Total Advances		<u>5,511</u>	
TOTAL LIABILITIES		<u>1,395,853</u>	<u>1,251,571</u>

Notes to the special purpose financial statements

1. General information

NALAS (“the Association”) is a network of associations of local authorities of South East Europe created in the frames of the Stability Pact for South East Europe 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 co-operation 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. In the period from July 2006 till its registration, NALAS operations have been managed through bank account in Societe General in Strasbourg and with the support by Swiss Embassy under coordination of the President and Executive Director of NALAS.

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 and operates through a non-resident account.

2. Objectives of NALAS

The overall goal of the association is to advocate for local self-government development and decentralization and support the application of the principles contained in the European Charter of Local Self-Government, the European Urban Charter II - Manifesto for a New Urbanity and the UN guidelines on decentralization at the Local Level. NALAS represents and protects its members’ interests and provides services to them.

NALAS operates as the Knowledge Centre and coordination platform on local government issues in South East Europe. NALAS strengthens the capacity of its members, local government associations, for the sake of better governance through the exchange of knowledge and experience and through local and regional activities such as pilot projects. NALAS also supports its members in their efforts to become viable representatives of local authorities who are up to negotiate with their national government and international organizations for the benefit of the citizens of the region.

NALAS support its members in building cross-border partnerships between local governments in South East Europe in order to contribute to a modern and efficient local self-government, increased democracy and stability in the region. Thereby, it also contributes to the process of EU integration.

NALAS activities are guided by the NALAS Strategic Plan for the period 2013 - 2017. 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.

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

For the year ended 31 December 2016

Notes to the special purpose financial statements (continued)

Objectives of NALAS (continued)

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

- NALAS Knowledge Center is the main knowledge platform for and actively used by local governments (LGs) in South-East Europe (SEE)
- Improved and expanded NALAS services strengthen LGAs and their member LGs in the decentralization process.
- Interests of SEE Local Governments visible and taken into account by European institutions
- Financial and institutional consolidation of NALAS.

3. Basis for preparation

3.1. General

The accompanying Special purpose financial statements have been prepared for the purposes of reporting to NALAS General Assembly and the Swiss Agency for Development and Cooperation as well as GIZ (“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 Strengthening “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 2016 to 31 December 2016.

3.2. Accounting Convention

The policy of the Association is to prepare the special purpose financial statements on a cash receipts and disbursements basis. 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 periods. The accounting policy is in accordance with the requirements of the main financiers - Swiss Agency for Development and Cooperation (SDC) and GIZ.

3.3. Reporting Currency

The special purpose financial statements are prepared in EUR as this is the reporting currency of the Association.

Cash transactions executed during the year denominated in Macedonian Denars are translated into Euros using the average exchange rate for the year 2016, published by the National Bank of the Republic of Macedonia. The year-end cash balance is translated at the official year end exchange rate, published by the National bank of Republic of Macedonia.

The cash transactions executed during the year 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 Republic of Macedonia.

Network of Associations of Local Authorities of South East Europe (NALAS)
For the year ended 31 December 2016

Notes to the special purpose financial statements (continued)
Reporting Currency (continued)

The exchange rates used are as follows:

	31 December 2016	31 December 2015
1 EUR	61.48 Denars	61.59 Denars
Average EUR	61.63 Denars	61.48 Denars

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 further continue the support.

During 2014, 2015 and 2016, NALAS received contributions from SDC in accordance with the Agreement No. 81018281 (Project No 7F-01122.07.01), for granting of contribution to the Project Local Democracy and Regional Integration in South – Eastern Europe – Support to NALAS for the period from 1 July 2013 to 31 December 2017 in total of MKD 68,542,500. The contribution received for this Agreement for the period 1 January 2016 to 31 December 2016 amounted to MKD 15,000,000 i.e. EUR 243,546 (1 January 2015 to 31 December 2015 amounted to MKD 15,000,000 i.e. EUR 243,467).

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

(all amounts in EUR)	1 January – 31 December 2016	1 January- 31 December 2015
PROJECT FUNDS	243,546	243,467
PROJECT EXPENDITURES		
STRUCTURAL EXPENSES		
1. Personnel		
Personnel expenses	55,087	92,367
Total personnel expenses	55,087	92,367
2. Office expenditures		
Operational expenses	12,803	18,689
Total office expenditures	12,803	18,689

Network of Associations of Local Authorities of South East Europe (NALAS)
For the year ended 31 December 2016

Notes to the special purpose financial statements (continued)
Swiss Agency for Development and Cooperation (SDC) Contribution (continued)

(all amounts in EUR)	1 January – 31 December 2016	1 January – 31 December 2015
3. Statutory meetings		
General assembly	894	12,481
CLO meetings	3,055	8,184
Executive bureau meetings	-	-
Total expenses for statutory meetings	3,949	20,665
4. External relations		
External relations	6,894	7,997
Total external relations	6,894	7,997
Total structural expenses	78,733	139,718
1. Task Force on Fiscal Decentralisation		
Ordinary meetings	1,337	-
Summer School/Final conference	-	1,023
Experts and consultants	-	1,337
Outputs	1,619	-
Total task force on fiscal decentralisation	2,956	2,360
2. Task Force on Urban Planning		
Ordinary meetings	1,361	1,643
Final conference	-	-
Experts and consultants	-	-
Outputs	-	-
Total task force on urban planning	1,361	1,643
3. Task Force on Association Development		
Ordinary meetings	3,999	4,066
Quick response	660	1,981
Shadowing/Internship	907	4,589
Meetings of MA's staff	-	-
Meetings of presidents of LGAs	-	6,480
Other initiatives	-	-
NEXPO	-	-
SEE 2020	686	730
EU	3,003	-
Total task force on association development	9,255	17,846

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Notes to the special purpose financial statements (continued)
Swiss Agency for Development and Cooperation (SDC) Contribution (continued)

(all amounts in EUR)	1 January – 31 December 2016	1 January – 31 December 2015
4. Task Force on Solid Waste Management		
Ordinary meetings	5,280	10,746
Final conference	-	-
Experts and consultants	-	-
Outputs	-	-
Total task force on solid waste management	5,280	10,746
5. Task Force on Energy Efficiency		
Ordinary meetings	5,083	1,724
Final conference	-	-
Experts and consultants	-	-
Outputs	-	-
Total task force on energy efficiency	5,083	1,724
6. Task Force on Sustainable Tourism		
Ordinary meetings	2,773	2,979
Final conference	-	-
Experts and consultants	-	-
Outputs	-	-
Total task force on sustainable tourism	2,773	2,979
7. Knowledge Center		
Establish NALAS e-Academy	832	2,895
Expert and content resource	-	-
Running KNC	2,011	4,867
National knowledge management	24,024	40,028
Total knowledge center	26,867	47,790
Total task forces and knowledge center	53,575	85,088
Audit fees	3,783	5,997
TOTAL EXPENDITURES	136,091	230,803
Bank interest	1,278	675

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Notes to the special purpose financial statements (continued)

5. GIZ Contribution

During 2015 and 2016, NALAS received contributions from GIZ in accordance with the Agreement No: 81173999, for granting of contribution to the Project Institutional strengthening of NALAS, for the period from 15 April 2014 to 30 April 2016, in total of EUR 350,000. The contribution received for the period 1 January 2016 to 31 December 2016 amounted to EUR 98,638 (1 January 2015 to 31 December 2015 amounted to EUR 137,950).

(all amounts in EUR)	<u>1 January – 31 December 2016</u>	<u>1 January – 31 December 2015</u>
PROJECT FUNDS	98,638	137,950
PROJECT EXPENDITURES		
STRUCTURAL EXPENSES		
1. Personnel		
Personnel expenses	50,512	61,396
Total personnel expenses	50,512	61,396
2. Office expenditures		
Operational expenses	15,209	21,183
Total office expenditures	15,209	21,183
3. Statutory meetings		
General assembly	-	21,615
CLO meetings	4,745	9,640
Executive bureau meetings	-	-
Total expenses for statutory meetings	4,745	31,255
4. External relations		
External relations	1,188	1,192
Total external relations	1,188	1,192
Total structural expenses	71,654	115,026

Network of Associations of Local Authorities of South East Europe (NALAS)
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Notes to the special purpose financial statements (continued)

GIZ Contribution (continued)

(all amounts in EUR)	1 January – 31 December 2016	1 January – 31 December 2015
TASK FORCES AND KNOWLEDGE CENTER		
1. Task Force on Fiscal Decentralisation		
Ordinary meetings	4,239	1,179
Summer School/Final conference	-	8,223
Experts and consultants	-	-
Outputs	122	223
Total task force on fiscal decentralisation	4,361	9,625
2. Task Force on Urban Planning		
Ordinary meetings	8,142	9,389
Final conference	-	-
Experts and consultants	-	-
Outputs	-	-
Total task force on urban planning	8,142	9,389
3. Task Force on Association Development		
Ordinary meetings	217	12,155
Quick response	518	3,845
Shadowing/Internship	-	-
Meetings of MA's staff	-	-
Meetings of presidents of LGAs	-	5,291
Other initiatives	-	-
NEXPO	-	-
SEE 2020	-	-
EU	1,797	-
Total task force on association development	2,532	21,291
4. Task Force on Solid Waste Management		
Ordinary meetings	-	4,840
Final conference	-	-
Experts and consultants	984	-
Outputs	-	-
Total task force on solid waste management	984	4,840
5. Task Force on Energy Efficiency		
Ordinary meetings	138	2,078
Final conference	-	-
Experts and consultants	-	-
Outputs	-	-
Total task force on energy efficiency	138	2,078

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Notes to the special purpose financial statements (continued)

GIZ Contribution (continued)

(all amounts in EUR)	1 January – 31 December 2016	1 January – 31 December 2015
6. Task Force on Sustainable Tourism		
Ordinary meetings	194	7,866
Final conference	-	-
Experts and consultants	-	1,092
Outputs	-	676
Total task force on sustainable tourism	194	9,634
7. Knowledge Center		
Establish NALAS e-Academy	-	-
Expert and content resource	-	1,068
Running KNC	2,814	3,177
National knowledge management	40,451	46,553
Total knowledge center	43,265	50,798
Total task forces and knowledge center	59,616	107,655
TOTAL EXPENDITURES	131,270	222,681

Network of Associations of Local Authorities of South East Europe (NALAS)
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Notes to the special purpose financial statements (continued)

6. Advances

As of 31 December 2016, NALAS has disbursed total funds of EUR 1,532 (2015: EUR 51,974) as advances to members and third parties and has received advances in the amount of EUR 5,511 (2015: EUR 449) from members and third parties.

The advances given to and received from members are in connection with Grant Agreements signed between NALAS and members.

7. Currency exchange loss/gain

The amount of EUR 537 (2015: EUR 96) represents foreign exchange gain resulting from the use of the average exchange rate for the year 2016 published by the National Bank of the Republic of Macedonia (the reporting rate) and the actual exchange rates on the date of the bank transfers (transaction date).

8. VAT Recoverable

Due to the Government Instruction for Implementation of the Exemption of VAT from 29 December 2009, effective from 1 January 2010, NALAS disburse payments without VAT. According to the Macedonian legislation, project financed by foreign donators and IPA funds are exempted from VAT and have no obligation to calculate and express VAT.



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