

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

Financial Statements for the year ended  
31 December 2014

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## **CONTENT**

Independent Auditors' Report	1
Statement of sources and uses of funds	3
Statement of expenditures details	7
Balance sheet	11

### **Notes**

1. General information
  2. Objectives of NALAS
  3. Basis for preparation of the NALAS accounts
  4. Swiss Agency for Development and Cooperation (SDC) Contribution
  5. GIZ Contribution
  6. Advances given
  7. Currency exchange loss/gain
  8. Savings returned grant funds
  9. VAT Recoverable
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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

Societe Generale  
Strasbourg  
France

## **Auditors**

PricewaterhouseCoopers Revizija d.o.o. Skopje  
16, 8<sup>th</sup> September Blvd.  
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 Summary of Funds and Expenditures as at 31 December 2014 and Statement of Sources and Uses of Funds and Statement of Expenditures for the year 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 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, for determining that the basis of preparation 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 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 presents fairly in all material respects the financial position of NALAS as of 31 December 2014 and its sources and uses of funds and expenditure details for the year than ended, in accordance with the cash receipts and disbursements basis as described in Note 3.2.

### **Basis on accounting**

Without modifying our opinion, we draw attention to Note 3.2 to the special purpose financial statement, which describes the basis of accounting. The financial statements are prepared to state the financial position and results of the entity as per entity's requirements. As a result, the financial statements may not be suitable for another purpose.

*PricewaterhouseCoopers Revizija DOO*

PricewaterhouseCoopers Revizija DOO Skopje

May 13, 2015  
Skopje

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

### STATEMENT OF SOURCES AND USES OF FUNDS (continued)

For the year 31 December 2014  
(Expressed in EUR)

	note	SDC grant	GIZ grant	ORF	WB	Attract SEE	Other projects	Membership fees and other own sources	Total 2014	Total 2013
<b>SOURCES OF FUNDS</b>										
Balance on beginning of year 2014		(55,321)	9,671		1	16,716	-	67,064	38,131	188,704
Currency exchange gains from prior year		54	-	-	-	-	-	(54)	-	-
Transfers for reserve fund and others		-	256	(1)	-	(13,458)	-	13,203	-	-
Balance on beginning of year, net		(55,267)	9,927	-	-	(13,458)	-	80,213	38,131	188,704
Membership fee		-	-	-	-	-	-	35,761	35,761	16,493
Grants from SDC	4	263,637	-	-	-	-	-	-	263,637	242,166
Grants from SDC-audit		-	-	-	-	-	-	-	-	6,002
Grants from GIZ	5	-	262,050	-	-	-	-	-	262,050	111,605
Other own revenues/contributions (Summer School)		-	-	-	-	-	-	2,000	2,000	-
ORF (Local Leaders)		-	-	200,822	-	-	-	-	200,822	-
ORF (Asset Management)		-	-	177,284	-	-	-	-	177,284	-
ORF (Solid Waste Data Collection)		-	-	49,500	-	-	-	-	49,500	-
Attract SEE		-	-	-	-	34,813	-	-	34,813	-
UN Women		-	-	-	-	-	9,768	-	9,768	-
RCC		-	-	-	-	-	2,673	-	2,673	-
WBI (Urban Partnership Program)		-	-	-	49,941	-	-	-	49,941	32,880
WBI (service contract "Energy Guidelines")		-	-	-	17,531	-	-	-	17,531	-
NEXPO		-	-	-	-	-	-	-	-	69,370
UNDP		-	-	-	-	-	-	-	-	4,167
ORF (Matchmaking Project)		-	-	-	-	-	-	-	-	120,800
Moody's		-	-	-	-	-	-	-	-	1,500
<b>TOTAL SOURCES OF FUNDS</b>		<b>208,370</b>	<b>271,977</b>	<b>427,606</b>	<b>84,188</b>	<b>21,355</b>	<b>12,441</b>	<b>117,974</b>	<b>1,143,911</b>	<b>793,687</b>

The accompanying notes form an integral part of the NALAS Statement

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

## STATEMENT OF SOURCES AND USES OF FUNDS (continued)

For the year 31 December 2014

(Expressed in EUR)

	note	SDC grant	GIZ grant	ORF	WB	Attract SEE	Other projects	Membership fees and other own sources	Total 2014	Total 2013
<b>STRUCTURAL EXPENSES</b>										
Personnel		67,629	52,373	-	-	-	-	-	120,002	123,988
Office expenditures		15,280	20,106	-	-	-	-	162	35,548	35,486
Statutory meetings		53,657	3,865	-	-	-	-	-	57,522	57,614
External relations		6,105	2,357	-	-	-	-	1,058	9,520	20,555
<b>Total structural expenses</b>		<b>142,671</b>	<b>78,701</b>	-	-	-	-	<b>1,220</b>	<b>222,592</b>	<b>237,643</b>
<b>TASK FORCES AND KNOWLEDGE CENTER</b>										
Task Force on Fiscal Decentralisation		5,383	13,805	-	-	-	-	-	19,188	2,117
Task Force on Urban Planning		1,036	4,799	-	-	-	-	-	5,835	2,999
Task Force on Association Development		3,057	11,187	-	-	-	-	-	14,244	94,080
Task Force on Solid Waste Management		3,598	4,727	-	-	-	-	-	8,325	8,411
Task Force on Energy Efficiency		1,297	9,257	-	-	-	-	-	10,554	8,614
Task Force on Sustainable Tourism		944	7,568	-	-	-	-	-	8,512	3,639
Knowledge Center		66,432	44,237	-	-	-	-	-	110,669	82,262
<b>Total task forces and knowledge center</b>		<b>81,747</b>	<b>95,580</b>	-	-	-	-	-	<b>177,327</b>	<b>202,122</b>

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

**STATEMENT OF SOURCES AND USES OF FUNDS (continued)**

For the year 31 December 2014  
(Expressed in EUR)

	note	SDC grant	GIZ grant	ORF	WB	Attract SEE projects	Other projects	Membership fees and other own sources	Total 2014	Total 2013
ORF (Local leaders)		-	-	21,645	-	-	-	-	21,645	-
ORF (Asset Management)		-	-	56,331	-	-	-	-	56,331	-
ORF (Solid Waste Data Collection)		-	-	5,279	-	-	-	-	5,279	-
Attract SEE		-	-	-	-	60,977	-	-	60,977	13,458
UN Women		-	-	-	-	-	3,833	-	3,833	-
RCC		-	-	-	-	-	2,673	-	2,673	-
WBI (Urban Partnership Program)		-	-	-	60,107	-	-	-	60,107	17,816
WBI (service contract "Energy Guidelines")		-	-	-	16,927	-	-	-	16,927	-
UNDP		-	-	-	-	-	-	-	-	10,432
ORF (CALM Project)		-	-	-	-	-	-	-	-	54,573
ORF (Matchmaking Project)		-	-	-	-	-	-	-	-	97,190
NEXPO 2013		-	-	-	-	-	-	-	-	69,370
Audit fees		6,005	-	-	-	-	-	-	6,005	6,002
<b>TOTAL EXPENDITURES</b>		<b>230,423</b>	<b>174,281</b>	<b>83,255</b>	<b>77,034</b>	<b>60,977</b>	<b>6,506</b>	<b>1,220</b>	<b>633,696</b>	<b>708,606</b>



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

**STATEMENT OF SOURCES AND USES OF FUNDS (continued)**

For the year 31 December 2014  
(Expressed in EUR)

	note	SDC grant	GIZ grant	ORF	WB	Attract SEE	Other projects	Membership fees and other own sources	Total 2014	Total 2013
Bank interest	4	770	-	-	-	-	-	-	770	555
Currency exchange gains/loss	7	-	-	-	-	-	-	920	920	(497)
Savings returned grant funds to GIZ	8	-	(583)	-	-	-	-	-	(583)	-
<b>Surplus of funds over expenditures</b>		<b>(21,283)</b>	<b>97,113</b>	<b>344,351</b>	<b>7,154</b>	<b>(39,622)</b>	<b>5,935</b>	<b>117,674</b>	<b>511,322</b>	<b>85,139</b>
Advances given	6	-	-	(60,648)	-	-	-	(118)	(60,766)	(786)
Savings return grant funds to ORF		-	-	-	-	-	-	-	-	(47,008)
<b>Cash available from surplus of funds over expenditures</b>		<b>(21,283)</b>	<b>97,113</b>	<b>283,703</b>	<b>7,154</b>	<b>(39,622)</b>	<b>5,935</b>	<b>117,556</b>	<b>450,556</b>	<b>37,345</b>

Cash available from surplus of funds over expenditures

is represented by:

Bank account

Petty cash account

**Total cash available**

447,863	33,344
2,693	4,001
<b>450,556</b>	<b>37,345</b>

*Authorized on behalf of*  
  
Executive Director

Date: 12.05.2015.

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

### STATEMENT OF EXPENDITURE DETAILS

For the year ended 31 December 2014  
(Expressed in EUR)

	note	SDC grant	GIZ grant	ORF	WB	Attract SEE	Other projects	Membership fees and other own sources	Total 2014	Total 2013
<b>STRUCTURAL EXPENSES</b>										
<b>1. Personnel</b>										
Personnel expenses		67,629	52,373	-	-	-	-	-	120,002	123,988
<b>Total personnel expenses</b>		<b>67,629</b>	<b>52,373</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,002</b>	<b>123,988</b>
<b>2. Office expenditures</b>										
Operational expenses		15,280	20,106	-	-	-	-	162	35,548	35,486
<b>Total office expenditures</b>		<b>15,280</b>	<b>20,106</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>162</b>	<b>35,548</b>	<b>35,486</b>
<b>3. Statutory meetings</b>										
General assembly		29,839	2,561	-	-	-	-	-	32,400	26,861
CLO meetings		23,818	1,304	-	-	-	-	-	25,122	30,753
<b>Total expenses for statutory meetings</b>		<b>53,657</b>	<b>3,865</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,522</b>	<b>57,614</b>
<b>4. External relations</b>										
External relations		6,105	2,357	-	-	-	-	1,058	9,520	20,555
<b>Total external relations</b>		<b>6,105</b>	<b>2,357</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,058</b>	<b>9,520</b>	<b>20,555</b>
<b>Total structural expenses</b>		<b>142,671</b>	<b>78,701</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,220</b>	<b>222,592</b>	<b>237,643</b>

The accompanying notes form an integral part of the NALAS Statement

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

## STATEMENT OF EXPENDITURE DETAILS (continued) For the year ended 31 December 2014 (Expressed in EUR)

	note	SDC grant	GIZ grant	ORF	WB	Attract SEE	Other projects	Membership fees and other own sources	Total 2014	Total 2013
<b>TASK FORCES AND KNOWLEDGE CENTER</b>										
<b>1.Task Force on Fiscal Decentralisation</b>										
Ordinary meetings		3,672	1,409	-	-	-	-	-	5,081	1,987
Summer School/Final conference		790	12,396	-	-	-	-	-	13,186	130
Experts and consultants		921	-	-	-	-	-	-	921	-
Outputs		-	-	-	-	-	-	-	-	-
<b>Total task force on fiscal decentralisation</b>		<b>5,383</b>	<b>13,805</b>	-	-	-	-	-	<b>19,188</b>	<b>2,117</b>
<b>2.Task Force on Urban Planning</b>										
Ordinary meetings		1,036	4,799	-	-	-	-	-	5,835	2,999
Final conference		-	-	-	-	-	-	-	-	-
Experts and consultants		-	-	-	-	-	-	-	-	-
Outputs		-	-	-	-	-	-	-	-	-
<b>Total task force on urban planning</b>		<b>1,036</b>	<b>4,799</b>	-	-	-	-	-	<b>5,835</b>	<b>2,999</b>
<b>3. Task Force on Association Development</b>										
Ordinary meetings		540	9,781	-	-	-	-	-	10,321	15,643
Quick response		-	-	-	-	-	-	-	-	11,141
Shadowing/intership		641	-	-	-	-	-	-	641	-
Meetings of MA's staff		-	-	-	-	-	-	-	-	-
Meetings of presidents of LGAs		-	-	-	-	-	-	-	-	20,229
Other initiatives		-	-	-	-	-	-	-	-	-
NEXPO		939	1,406	-	-	-	-	-	2,345	47,028
SEE 2020		937	-	-	-	-	-	-	937	-
Strategic planning		-	-	-	-	-	-	-	-	39
<b>Total task force on association development</b>		<b>3,057</b>	<b>11,187</b>	-	-	-	-	-	<b>14,244</b>	<b>94,080</b>

The accompanying notes form an integral part of the NALAS Statement

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

## STATEMENT OF EXPENDITURE DETAILS (continued)

For the year ended 31 December 2014

(Expressed in EUR)

	note	SDC grant	GIZ grant	ORF	WB	Attract SEE	Other projects	Membership fees and other own sources	Total 2014	Total 2013
<b>4. Task Force on Solid Waste Management</b>										
Ordinary meetings		3,598	4,727	-	-	-	-	-	8,325	8,411
Final conference		-	-	-	-	-	-	-	-	-
Experts and consultants		-	-	-	-	-	-	-	-	-
Outputs		-	-	-	-	-	-	-	-	-
<b>Total task force on solid waste management</b>		<b>3,598</b>	<b>4,727</b>	-	-	-	-	-	<b>8,325</b>	<b>8,411</b>
<b>5. Task Force on Energy Efficiency</b>										
Ordinary meetings		1,297	9,257	-	-	-	-	-	10,554	8,614
Final conference		-	-	-	-	-	-	-	-	-
Experts and consultants		-	-	-	-	-	-	-	-	-
Outputs		-	-	-	-	-	-	-	-	-
<b>Total task force on energy efficiency</b>		<b>1,297</b>	<b>9,257</b>	-	-	-	-	-	<b>10,554</b>	<b>8,614</b>
<b>6. Task Force on Sustainable Tourism</b>										
Ordinary meetings		944	7,568	-	-	-	-	-	8,512	3,639
Final conference		-	-	-	-	-	-	-	-	-
Experts and consultants		-	-	-	-	-	-	-	-	-
Outputs		-	-	-	-	-	-	-	-	-
<b>Total task force on sustainable tourism</b>		<b>944</b>	<b>7,568</b>	-	-	-	-	-	<b>8,512</b>	<b>3,639</b>

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

**STATEMENT OF EXPENDITURE DETAILS (continued)**

For the year ended 31 December 2014  
(Expressed in EUR)

	note	SDC grant	GIZ grant	ORF	WB	Attract SEE	Other projects	Membership fees and other own sources	Total 2014	Total 2013
<b>7. Knowledge Center</b>										
Establish NALAS e-Academy		2,005	-	-	-	-	-	-	2,005	4,830
Expert and content resource		-	-	-	-	-	-	-	-	3,823
Running KNC		4,078	477	-	-	-	-	-	4,555	10,441
National knowledge management		60,349	43,760	-	-	-	-	-	104,109	63,168
<b>Total knowledge center</b>		<b>66,432</b>	<b>44,237</b>	-	-	<b>60,977</b>	-	-	<b>110,669</b>	<b>82,262</b>
<b>Total task forces and knowledge center</b>		<b>81,747</b>	<b>95,580</b>	-	-	-	-	-	<b>177,327</b>	<b>202,122</b>
ORF (Local Leaders)		-	-	21,645	-	-	-	-	21,645	-
ORF (Asset Management)		-	-	56,331	-	-	-	-	56,331	-
ORF (Solid Waste Data Collection)		-	-	5,279	-	-	-	-	5,279	-
Attract SEE		-	-	-	-	60,977	-	-	60,977	13,458
UN Women		-	-	-	-	-	3,833	-	3,833	-
RCC		-	-	-	-	-	2,673	-	2,673	-
WBI (Urban Partnership Program)		-	-	-	60,107	-	-	-	60,107	17,816
WBI (service contract "Energy Guidelines")		-	-	-	16,927	-	-	-	16,927	-
Audit fees for 2013		6,005	-	-	-	-	-	-	6,005	6,002
NEXPO		-	-	-	-	-	-	-	-	69,370
"Think Globally, Develop Locally" Project		-	-	-	-	-	-	-	-	10,432
CALM Project SW Cost Estimation and Matchmaking		-	-	-	-	-	-	-	-	151,763
<b>TOTAL EXPENDITURES</b>		<b>230,423</b>	<b>174,281</b>	<b>83,255</b>	<b>77,034</b>	<b>60,977</b>	<b>6,506</b>	<b>1,220</b>	<b>633,696</b>	<b>708,606</b>

The accompanying notes form an integral part of the NALAS Statement

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

For the year end 31 December 2014

**SUMMARY OF FUNDS AND EXPENDITURES****31 December 2014****(Expressed in EUR)**

	note	31 December 2014	31 December 2013
<b>ASSETS</b>			
<b>1. Expenditures</b>			
SDC grant		230,423	276,760
GIZ grant		174,281	320,328
UNDP projects		-	10,432
Membership fee and other own sources		1,220	939
NEXPO		-	69,370
Other projects		6,506	-
ATTRACT SEE		60,977	13,458
LL SEE (ORF)		21,645	-
Asset management (ORF)		56,331	-
Solid Waste Data Collection (ORF)		5,279	-
WB		77,034	17,816
<b>Total expenditures</b>		<b>633,696</b>	<b>709,103</b>
<b>2. Advances</b>			
Advances	6	60,766	786
<b>Total Advances</b>		<b>60,766</b>	<b>786</b>
<b>3. Cash and bank balances</b>			
Cash and bank balances		450,556	37,345
<b>Total cash and bank balances</b>		<b>450,556</b>	<b>37,345</b>
<b>TOTAL ASSETS</b>		<b>1,145,018</b>	<b>747,234</b>
<b>LIABILITIES</b>			
<b>1. Funds</b>			
SDC grant	4	209,140 <sup>1</sup>	221,439
GIZ grant	5	271,394 <sup>2</sup>	330,000
UNDP projects		-	10,432
Membership fee and other own sources		118,894 <sup>3</sup>	81,461
NEXPO		-	69,370
Other projects		12,441	34,532
ATTRACT SEE		21,355	-
LL SEE (ORF)		200,822	-
Asset Management (ORF)		177,284	-
Solid Waste Data Collection (ORF)		49,500	-
WB		84,188	-
<b>Total funds</b>		<b>1,145,018</b>	<b>747,234</b>
<b>TOTAL LIABILITIES</b>		<b>1,145,018</b>	<b>747,234</b>

<sup>1</sup> The amount of EUR 209,140 includes SDC sources of funds of EUR 208,370, increased by positive bank interest of EUR 770<sup>2</sup> The amount of EUR 271,394 includes GIZ sources of funds of EUR 271,977, decreased by returned balance of project funds of EUR 583<sup>3</sup> The amount of EUR 118,894 includes EUR 117,974 increased by positive foreign exchange rate of EUR 920 (2013: EUR 555).

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

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For the year end 31 December 2014

## **1. General information**

NALAS 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.

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 of NALAS accounts**

#### **3.1. General**

The accompanying Statement of Sources and Uses of Funds has 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 2014 to 31 December 2014.

#### **3.2. Accounting Convention**

The policy of the Association is to prepare the statement 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 period. 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 Project statement is prepared in EUR as this is the reporting currency of the Association.

The cash transactions executed during the year denominated in Macedonian Denars are translated into Euros using the average exchange rate for the year 2014, published by the National Bank of the Republic of Macedonia which was 1 EUR = MKD 61.63. The year end cash balance is translated at the official period end exchange rate, published by the National bank of Republic of Macedonia, which on 31 December 2014 was 1 EUR = MKD 61.48.

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 the Republic of Macedonia. The average exchange rates which are used are: 1 USD = MKD 46.85 and 1 EUR = MKD 61.63 (i.e. 1 EUR = USD 1.31). The year end cash balance is translated at the official period end exchange rates, published by the National bank of Republic of Macedonia, which on 31 December 2014 were 1 USD = MKD 50.56 and 1 EUR = MKD 61.48 (i.e. 1 EUR = USD 1.22) .

### **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, 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 for this Agreement for the period 1 January 2014 to 31 December 2014 amounted to MKD 15,000,000 i.e. EUR 243,388.



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

For the year end 31 December 2014

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

Also during 2014, NALAS received a contribution from SDC in amount of MKD 1,247,978 i.e. EUR 20,249. This contribution is in line with the previous Agreement No. 7F-01122.06, for granting of contribution to the Project Local Democracy and Regional Integration in South – Eastern Europe –Support to NALAS for the period from 01 August 2009 to 30 June 2013.

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

#### Swiss Agency for Development and Cooperation (SDC) Contribution

(all amounts in EUR)

	1 January – 31 December 2014	1 January – 31 December 2013
<b>PROJECT FUNDS</b>	<b>208,370<sup>4</sup></b>	<b>221,439</b>
<b>PROJECT EXPENDITURES</b>		
<b>STRUCTURAL EXPENSES</b>		
<b>1. Personnel</b>		
Personnel expenses	67,629	72,779
<b>Total personnel expenses</b>	<b>67,629</b>	<b>72,779</b>
<b>2. Office expenditures</b>		
Operational expenses	15,280	14,579
<b>Total office expenditures</b>	<b>15,280</b>	<b>14,579</b>
<b>3. Statutory meetings</b>		
General assembly	29,839	7,512
CLO meetings	23,818	29,815
Executive bureau meetings	-	-
<b>Total expenses for statutory meetings</b>	<b>53,657</b>	<b>37,327</b>
<b>4. External relations</b>		
External relations	6,105	14,104
<b>Total external relations</b>	<b>6,105</b>	<b>14,104</b>
<b>Total structural expenses</b>	<b>142,671</b>	<b>138,789</b>

<sup>4</sup> The beginning balance of minus MKD 3,406,105 i.e. EUR 55,267 includes minus MKD 1,247,978 i.e. EUR 20,250 upon previous Agreement No 7F-01122.06 (ended June 2013), and minus MKD 2,158,127 i.e. EUR 35,017 upon current Agreement No 81018281.

During 2014, were received two contributions from SDC: first of MKD 1,247,978 i.e. EUR 20,250 for closing the Agreement No 7F-01122.06; and second contribution of MKD 15,000,000 i.e. EUR 243,387 upon the current Agreement No 81018281

The total source of funds of EUR 208,370 refers to the current Agreement No 81018281.

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

For the year end 31 December 2014

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

(all amounts in EUR)	1 January – 31 December 2014	1 January – 31 December 2013
<b>1. Task Force on Fiscal Decentralisation</b>		
Ordinary meetings	3,672	423
Summer School/Final conference	790	-
Experts and consultants	921	-
Outputs	-	-
<b>Total task force on fiscal decentralisation</b>	<b>5,383</b>	<b>423</b>
<b>2. Task Force on Urban Planning</b>		
Ordinary meetings	1,036	-
Final conference	-	-
Experts and consultants	-	-
Outputs	-	-
<b>Total task force on urban planning</b>	<b>1,036</b>	<b>-</b>
<b>3. Task Force on Association Development</b>		
Ordinary meetings	540	3,274
Quick response	-	7,223
Shadowing/Internship	641	-
Meetings of MA's staff	-	-
Meetings of presidents of LGAs	-	20,229
Other initiatives	-	-
NEXPO	939	40,530
SEE 2020	937	-
Strategic planning	-	39
<b>Total task force on association development</b>	<b>3,057</b>	<b>71,295</b>
<b>4. Task Force on Solid Waste Management</b>		
Ordinary meetings	3,598	-
Final conference	-	-
Experts and consultants	-	-
Outputs	-	-
<b>Total task force on solid waste management</b>	<b>3,598</b>	<b>-</b>
<b>5. Task Force on Energy Efficiency</b>		
Ordinary meetings	1,297	838
Final conference	-	-
Experts and consultants	-	-
Outputs	-	-
<b>Total task force on energy efficiency</b>	<b>1,297</b>	<b>838</b>

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

For the year end 31 December 2014

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

(all amounts in EUR)	1 January – 31 December 2014	1 January – 31 December 2013
<b>6. Task Force on Sustainable Tourism</b>		
Ordinary meetings	944	1,449
Final conference	-	-
Experts and consultants	-	-
Outputs	-	-
<b>Total task force on sustainable tourism</b>	<b>944</b>	<b>1,449</b>
<b>7. Knowledge Center</b>		
KNC establishment	2,005	2,835
Expert and content resource	-	1,083
Running KNC	4,078	378
National knowledge management	60,349	53,668
<b>Total knowledge center</b>	<b>66,432</b>	<b>57,964</b>
<b>Total task forces and knowledge center</b>	<b>81,747</b>	<b>131,969</b>
Audit fees	6,005	6,002
<b>TOTAL EXPENDITURES</b>	<b>230,423</b>	<b>276,761</b>
Bank interest	770	

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

For the year end 31 December 2014

### 5. GIZ Contribution

During 2014, NALAS received contributions from GIZ in accordance with the Agreement No: 81167745, for granting of contribution to the Project Institutional strengthening "Network of Associations of Local Authorities of South-East Europe (NALAS)", for the period from 1 November 2013 to 31 March 2014, in total of EUR 100,000. The contribution for the period 1 January 2014 to 31 March 2014 amounted to EUR 50,000.

Within 2014, 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 31 December 2015, in total of EUR 350,000. The contribution for the period 1 January 2014 to 31 December 2014 amounted to EUR 212,050.

In 2014, the amount of EUR 414 was returned to GIZ as a balance upon Agreement No. 81124225, which ended on September 30, 2013.

The balance of EUR 169 was returned to GIZ in 2014, upon the Agreement No. 81167745.

(all amounts in EUR)	GIZ Project No. 81124225	1 January – 31 March 2014	15 April – 31 December 2014	1 January – 30 September 2013	1 November – 31 December 2013
<b>PROJECT FUNDS</b>	<b>414</b>	<b>59,513<sup>5</sup></b>	<b>212,050</b>	<b>128,236</b>	<b>50,000</b>
<b>PROJECT EXPENDITURES</b>					
<b>STRUCTURAL EXPENSES</b>					
<b>1. Personnel</b>					
Personnel expenses	-	12,066	40,307	40,963	10,246
<b>Total personnel expenses</b>	<b>-</b>	<b>12,066</b>	<b>40,307</b>	<b>40,963</b>	<b>10,246</b>
<b>2. Office expenditures</b>					
Operational expenses	-	11,992	8,114	18,009	2,456
<b>Total office expenditures</b>	<b>-</b>	<b>11,992</b>	<b>8,114</b>	<b>18,009</b>	<b>2,456</b>
<b>3. Statutory meetings</b>					
General assembly	-	2,487	74	19,349	-
CLO meetings	-	1,304	-	938	-
Executive bureau meetings	-	-	-	-	-
<b>Total expenses for statutory meetings</b>	<b>-</b>	<b>3,791</b>	<b>74</b>	<b>20,287</b>	<b>-</b>
<b>4. External relations</b>					
External relations	-	2,357	-	6,451	-
<b>Total external relations</b>	<b>-</b>	<b>2,357</b>	<b>-</b>	<b>6,451</b>	<b>-</b>
<b>Total structural expenses</b>	<b>-</b>	<b>30,206</b>	<b>48,495</b>	<b>85,710</b>	<b>12,703</b>

<sup>5</sup> The project funds of EUR 59,513 includes beginning balance of EUR 9,513 and GIZ contribution of EUR 50,000 received in 2014

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

For the year end 31 December 2014

## 5. GIZ Contribution (continued)

(all amounts in EUR)	GIZ Project No. 81124225	1 January – 31 March 2014	15 April – 31 December 2014	1 January – 30 September 2013	1 November – 31 December 2013
<b>TASK FORCES AND KNOWLEDGE CENTER</b>					
<b>1. Task Force on Fiscal Decentralisation</b>					
Ordinary meetings	-	73	1,336	120	1,444
Summer School/Final conference	-	-	12,396	130	-
Experts and consultants	-	-	-	-	-
Outputs	-	-	-	-	-
<b>Total task force on fiscal decentralisation</b>	<b>-</b>	<b>73</b>	<b>13,732</b>	<b>250</b>	<b>1,444</b>
<b>2. Task Force on Urban Planning</b>					
Ordinary meetings	-	4,710	89	-	2,999
Final conference	-	-	-	-	-
Experts and consultants	-	-	-	-	-
Outputs	-	-	-	-	-
<b>Total task force on urban planning</b>	<b>-</b>	<b>4,710</b>	<b>89</b>	<b>-</b>	<b>2,999</b>
<b>3. Task Force on Association Development</b>					
Ordinary meetings	-	2,807	6,974	11,522	847
Quick response	-	-	-	3,918	-
Shadowing/Internship	-	-	-	-	-
Meetings of MA's staff	-	-	-	-	-
Meetings of presidents of LGAs	-	-	-	-	-
Other initiatives	-	-	-	-	-
NEXPO	-	-	1,406	6,498	-
<b>Total task force on association development</b>	<b>-</b>	<b>2,807</b>	<b>8,380</b>	<b>21,938</b>	<b>847</b>
<b>4. Task Force on Solid Waste Management</b>					
Ordinary meetings	-	4,727	-	-	8,411
Final conference	-	-	-	-	-
Experts and consultants	-	-	-	-	-
Outputs	-	-	-	-	-
<b>Total task force on solid waste management</b>	<b>-</b>	<b>4,727</b>	<b>-</b>	<b>-</b>	<b>8,411</b>
<b>5. Task Force on Energy Efficiency</b>					
Ordinary meetings	-	5,219	4,038	192	7,584
Final conference	-	-	-	-	-
Experts and consultants	-	-	-	-	-
Outputs	-	-	-	-	-
<b>Total task force on energy efficiency</b>	<b>-</b>	<b>5,219</b>	<b>4,038</b>	<b>192</b>	<b>7,584</b>

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

For the year end 31 December 2014

**5. GIZ Contribution (continued)**

(all amounts in EUR)

	GIZ Project No. 81124225	1 January – 31 March 2014	15 April – 31 December 2014	1 January – 30 September 2013	1 November – 31 December 2013
<b>6. Task Force on Sustainable Tourism</b>					
Ordinary meetings	-	378	7,190	2,190	-
Final conference	-	-	-	-	-
Experts and consultants	-	-	-	-	-
Outputs	-	-	-	-	-
<b>Total task force on sustainable tourism</b>	<b>-</b>	<b>378</b>	<b>7,190</b>	<b>2,190</b>	<b>-</b>
<b>7. Knowledge Center</b>					
Establish NALAS e-Academy	-	-	-	1,995	-
Expert and content resource	-	-	-	2,740	-
Running KNC	-	-	477	10,063	-
National knowledge management	-	11,224	32,536	3,000	6,500
<b>Total knowledge center</b>	<b>-</b>	<b>11,224</b>	<b>33,013</b>	<b>17,798</b>	<b>6,500</b>
<b>Total task forces and knowledge center</b>	<b>-</b>	<b>29,138</b>	<b>66,442</b>	<b>42,369</b>	<b>27,784</b>
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>59,344</b>	<b>114,937</b>	<b>128,079</b>	<b>40,487</b>
VAT Tax return	-	-	-	-	-
Savings returned grant funds to GIZ	414	169	-	-	-

## **6. Advances given**

As of 31 December 2014, NALAS has disbursed total funds of EUR 60,766, as advances to members (EUR 60,648), and third parties (EUR 118).

The advances given to members are disbursed upon Grant Agreements for ORF Projects, signed between NALAS and members.

## **7. Currency exchange loss/gain**

The amount of EUR 920 represents foreign exchange gain resulting from the use of the average exchange rate for the year 2014 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. Savings returned grant funds**

The balance of the Project financed by GIZ (Agreement No.81124255) in total of EUR 414 and the balance of the Project financed by GIZ (Agreement No. 81167745) in total of EUR 169 were transferred to GIZ during the year of 2014.

## **9. 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.