

Special purpose financial statements and Independent
Auditor's Report

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

31 December 2018

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GENERAL INFORMATION

Management

Kelmend Zajazi
Executive Director

Registered office

Varshavska 36A,
1000 Skopje
Republic of North Macedonia

Bankers

ProCredit Bank AD Skopje,
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Societe Generale
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Auditors

Grant Thornton DOO Skopje
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 2018 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 North 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

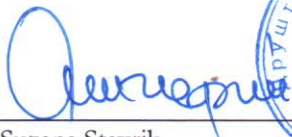
In our opinion, the accompanying special purpose financial statements presents fairly in all material respects the financial position of NALAS as of 31 December 2018 and its sources and uses of funds and expenditure details for the year then ended, in accordance with the cash receipts and disbursements 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,
22 March 2019



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 2018

(Expressed in EUR)

	note	SDC Grant	GIZ/ORF	WB	Other Projects	SDC Revolving Fund	Membership fee/other contributions	Total 2018	Total 2017
SOURCES OF FUNDS									
Balance at beginning of year		(53,832)	34,351	26,256	31,232	427,345	247,705	713,057	303,518
Membership fee		-	-	-	-	-	52,700	52,700	35,500
Other own revenues/contributions		-	-	-	-	-	1,500	1,500	1,080
Grants from SDC (2018-2022)	4	300,000	-	-	-	-	-	300,000	-
Grants from SDC (2013-2017)	4	54,474	-	-	-	-	-	54,474	162,417
Grants from SDC-Revolving Fund	5	-	-	-	-	-	-	-	450,450
Grants from GIZ		-	-	-	-	-	-	-	49,639
ORF/GIZ (Local Leaders)		-	-	-	-	-	-	-	49,206
ORF/GIZ (Market Study and Business Plan of AMIP)		-	-	-	-	-	-	-	28,442
ORF (SoRi)		-	51,661	-	-	-	-	51,661	34,351
ORF/GIZ (Fondsverwaltung und ZAS RCDN)		-	10,753	-	-	-	-	10,753	-
ORF/GIZ (RCDN)		-	479,992	-	-	-	-	479,992	26,702
ORF/GIZ (Business cases for improved waste coll.)		-	27,225	-	-	-	-	27,225	-
Attract SEE		-	-	-	-	-	-	-	11,561
UN Women		-	-	-	28,307	-	-	28,307	15,845
WBI (WB Austria Urb. Partnership Progr. II)		-	-	36,456	-	-	-	36,456	56,355
EmBuild		-	-	-	16,859	-	-	16,859	-
CEI-MIGRALONA		-	-	-	-	-	-	-	26,910
TOTAL SOURCES OF FUNDS		300,642	603,982	62,712	76,398	427,345	301,905	1,772,984	1,251,976

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

STATEMENT OF SOURCES AND USES OF FUNDS (continued) For the year 31 December 2018 (Expressed in EUR)

	<u>note</u>	<u>SDC Grant</u>	<u>GIZ/ORF</u>	<u>WB</u>	<u>Other Projects</u>	<u>SDC Revolving Fund</u>	<u>Membership fee/other contributions</u>	<u>Total 2018</u>	<u>Total 2017</u>
OPERATIONAL EXPENSES									
Personnel		74,986	-	-	-	-	-	74,986	132,507
Office Expenses		25,819	-	-	-	-	879	26,698	32,519
Total operational expenses		100,805	-	-	-	-	879	101,684	165,026
TASK FORCES AND KNOWLEDGE CENTER									
Knowledge Center		93,673	-	-	-	-	-	93,673	105,734
Member Services		6,454	-	-	-	-	-	6,454	6,289
Advisory Concilium		5,104	-	-	-	-	-	5,104	-
Task Forces		17,839	-	-	-	-	1,025	18,864	36,096
External and EU integration activities		10,132	-	-	-	-	-	10,132	10,150
Statutory meeting		13,356	-	-	-	-	-	13,356	20,931
Gender		751	-	-	-	-	-	751	-
Total task forces and knowledge center		147,309	-	-	-	-	1,025	148,334	179,200
ORF/GIZ (Local Leaders)		-	-	-	-	-	-	-	26,486
ORF/GIZ (Market Study and Business Plan of AMIP)		-	-	-	-	-	-	-	28,473
GIZ (SoRi)		-	86,072	-	-	-	-	86,072	-
ORF/GIZ (Fondsverwaltung und ZAS RCDN)		-	10,753	-	-	-	-	10,753	-
ORF (RCDN)		-	183,678	-	-	-	-	183,678	26,702
ORF/GIZ (Business cases for improved waste coll.)		-	21,174	-	-	-	-	21,174	-
UN Women		-	-	-	30,616	-	-	30,616	12,712
WBI (WB Austria Urb. Partnership Progr. II)		-	-	44,592	-	-	-	44,592	26,013
Em Build		-	-	-	34,379	-	-	34,379	26,322
RCC		-	-	-	-	-	-	-	4,937

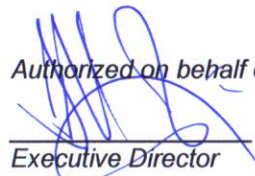
The accompanying notes from 1 to 9 form an integral part of the NALAS special purpose financial statements

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

STATEMENT OF SOURCES AND USES OF FUNDS (continued) For the year 31 December 2018 (Expressed in EUR)

	note	SDC Grant	GIZ/ORF	WB	Other Projects	SDC Revolving Fund	Membership fee/other contributions	Total 2018	Total 2017
CEI-MIGRALONA		-	-	-	16,412	-	-	16,412	10,493
Audit fees		-	-	-	-	-	-	-	6,081
TOTAL EXPENDITURES		248,114	301,677	44,592	81,407	-	1,904	677,694	512,445
Bank interest	8	-	-	-	-	-	2,474	2,474	2,450
Currency exchange gains/loss	7	(52)	34	-	4	17,934	(1)	17,919	(23,271)
Transfer to reserve funds and others		-	-	(18,120)	-	-	18,120	-	-
Savings returned grant funds to RCC		-	-	-	-	-	-	-	(5,653)
Savings returned grant funds to CEI Migralona		-	-	-	(5)	-	-	(5)	-
Surplus / (deficit) of funds over expenditures		52,476	302,339	-	(5,010)	445,279	320,594	1,115,678	713,057
Advances (given) / received	6	343	64,156	-	-	-	98	64,597	(2,056)
Cash available / (deficit) at end of year		52,133	238,183	-	(5,010)	445,279	320,496	1,051,081	715,113
Cash available at end of year consist of:									
Bank accounts								603,500	285,261
Bank account Revolving Fund								445,279	427,345
Petty cash								2,302	2,507
Total cash available at end of year								1,051,081	715,113

Authorized on behalf of


Executive Director

Date: 21 March 2019

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

STATEMENT OF EXPENDITURE DETAILS

For the year ended 31 December 2018

(Expressed in EUR)

	note	SDC Grant	GIZ/ORF	WB	Other Projects	SDC Revolving Fund	Membership fee/other contributions	Total 2018	Total 2017
OPERATIONAL EXPENSES									
1. Personnel									
Personnel expenses		74,986	-	-	-	-	-	74,986	132,507
Total personnel expenses		74,986	-	-	-	-	-	74,986	132,507
2. Office									
Office		25,819	-	-	-	-	879	26,698	32,519
Total office expenses		25,819	-	-	-	-	879	26,698	32,519
Total operational expenses		100,805	-	-	-	-	879	101,684	165,026
TASK FORCES AND KNOWLEDGE CENTER									
1. Knowledge Center									
SO1. Sustainable Local Economic Development		23,227	-	-	-	-	-	23,227	-
SO2. Resilience, Migration, Disaster Risk Management, etc.		6,442	-	-	-	-	-	6,442	-
Running Knowledge Center		4,245	-	-	-	-	-	4,245	6,458
Network of National Knowledge Managers		59,759	-	-	-	-	-	59,759	99,276
Total Knowledge Center		93,673	-	-	-	-	-	93,673	105,734

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

STATEMENT OF EXPENDITURE DETAILS (continued)

For the year ended 31 December 2018

(Expressed in EUR)

	note	SDC Grant	GIZ/ORF	WB	Other Projects	SDC Revolving Fund	Membership fee/other contributions	Total 2018	Total 2017
2. Member Services									
E-learning		1,685	-	-	-	-	-	1,685	4,223
Quick response		-	-	-	-	-	-	-	1,384
Peer Review		4,769	-	-	-	-	-	4,769	-
Shadowing / Internship program		-	-	-	-	-	-	-	682
Total Member Services		6,454	-	-	-	-	-	6,454	6,289
3. Advisory Concilium									
Advisory Concilium		5,104	-	-	-	-	-	5,104	-
Total Advisory Concilium		5,104	-	-	-	-	-	5,104	-
4. Task Forces									
Task Forces		17,839	-	-	-	-	1,025	18,864	36,096
Total Task Forces		17,839	-	-	-	-	1,025	18,864	36,096
5. External and EU integration activities									
External and EU integration activities		10,132	-	-	-	-	-	10,132	10,150
Total External and EU integration activities		10,132	-	-	-	-	-	10,132	10,150
6. Statutory meeting									
General Assembly		3,802	-	-	-	-	-	3,802	8,616
LO Meetings		9,554	-	-	-	-	-	9,554	12,315
Executive Bureau meetings		-	-	-	-	-	-	-	-
Total Statutory meeting		13,356	-	-	-	-	-	13,356	20,931

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

STATEMENT OF EXPENDITURE DETAILS (continued)

For the year ended 31 December 2018

(Expressed in EUR)

	note	SDC Grant	GIZ/ORF	WB	Other Projects	SDC Revolving Fund	Membership fee/other contributions	Total 2018	Total 2017
7. Gender									
Gender		751	-	-	-	-	-	751	-
Total Gender		751	-	-	-	-	-	751	-
TOTAL TASK FORCES AND KNOWLEDGE CENTER		147,309	-	-	-	-	1,025	148,334	179,200
ORF/GIZ (Local Leaders)		-	-	-	-	-	-	-	26,486
ORF/GIZ (Market Study and Business Plan of AMIP)		-	-	-	-	-	-	-	28,473
GIZ (SoRi)		-	86,072	-	-	-	-	86,072	-
ORF/GIZ (Fondsverwaltung und ZAS RCDN)		-	10,753	-	-	-	-	10,753	-
ORF (RCDN)		-	183,678	-	-	-	-	183,678	26,702
ORF/GIZ (Business cases for improved waste coll.)		-	21,174	-	-	-	-	21,174	-
UN Women		-	-	-	30,616	-	-	30,616	12,712
WBI (WB Austria Urb. Partnership Progr. II)		-	-	44,592	-	-	-	44,592	26,013
Em Build		-	-	-	34,379	-	-	34,379	26,322
RCC		-	-	-	-	-	-	-	4,937
CEI-MIGRALONA		-	-	-	16,412	-	-	16,412	10,493
Audit fees		-	-	-	-	-	-	-	6,081
TOTAL EXPENDITURES		248,114	301,677	44,592	81,407	-	1,904	677,694	512,445

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

SUMMARY OF FUNDS AND EXPENDITURES

31 December 2018

(Expressed in EUR)

	note	31 December 2018	31 December 2017
EXPENDITURES AND CASH BALANCES			
1. Expenditures			
SDC grant		248,114	319,590
Revolving Fund-SDC		-	6
GIZ grant		-	29,389
Membership fee and other own sources		1,904	1,844
Other projects		81,407	53,973
LL SEE (ORF)		-	26,486
Market Study and Business Plan of AMIP (ORF)		-	28,442
GIZ (SoRi)		86,072	-
ORF/GIZ (Fondsverwaltung und ZAS RCDN)		10,753	-
ORF/GIZ (Business cases for improved waste coll.)		21,174	-
RCDN (ORF)		183,678	26,702
WB		44,592	26,013
Total expenditures		677,694	512,445
2. Currency exchange losses, net			
Currency exchange losses, net	7	-	23,271
Total Currency exchange losses, net		-	23,271
3. Advances			
Advances given	6	64,597	2,139
Total Advances		64,597	2,139
4. Cash and bank balances			
Cash and bank balances		1,051,081	715,113
Total cash and bank balances		1,051,081	715,113
TOTAL EXPENDITURES AND CASH BALANCES		1,793,372	1,252,968

FUNDS AND LIABILITIES

1. Funds

SDC grant	300,642	265,758
Revolving Fund-SDC	427,345 ²	450,450
GIZ grant	-	29,389
Membership fee and other own sources	322,499 ³	249,721
Other projects	76,393 ⁴	85,205

2 The amount of EUR 445,279 equals to CHF499,993

3 The amount of EUR 322,499 includes sources of funds of EUR 301,905 increased by bank interest of EUR 2,474 and transfer of the balance from WB in amount of EUR 18,120

4 The amount of EUR 76,393 includes sources of funds of EUR 76,398 decreased by savings/returned grant funds to CEI-MIGRALONA in amount of EUR 5

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

SUMMARY OF FUNDS AND EXPENDITURES 31 December 2018 (continued) (Expressed in EUR)

	<u>note</u>	<u>31 December 2018</u>	<u>31 December 2017</u>
FUNDS AND LIABILITIES (continued)			
1. Funds (continued)			
LL SEE (ORF)		-	26,486
Market Study and Business Plan of AMIP (ORF)		-	28,442
GIZ (SoRi)		86,012	34,351
ORF/GIZ (Fondsverwaltung und ZAS RCDN)		10,753	-
ORF/GIZ (Business cases for improved waste coll.)		27,225	-
RCDN (ORF)		479,992	26,702
WB		44,592 ⁵	52,269
Total Funds		<u>1,775,453</u>	<u>1,248,773</u>
2. Currency exchange gains, net			
Currency exchange gains, net	7	<u>17,919</u>	-
Total Currency exchange gains, net		<u>17,919</u>	<u>-</u>
3. Advances			
Advances received	6	-	<u>4,195</u>
Total Advances		<u>-</u>	<u>4,195</u>
TOTAL FUNDS AND LIABILITIES		<u>1,793,372</u>	<u>1,252,968</u>

5 The amount of EUR 44,592 includes sources of funds of EUR 62,712 decreased by the transfer of the balance from WB in amount of EUR 18,120

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 2018 - 2022. The overall objective is to actively support the development of strong local self-government in South East Europe, creation of smart, sustainable, inclusive and resilient communities, based on innovative solutions, through a unique regional partnership, wide knowledge base and strong policy-making influence, thereby contributing to democracy, stability and prosperity in the region.

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 2018

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:

- 1) Local Governments in SEE have capacity to create sustainable communities based on smart and innovative growth through quality services and job creation and
- 2) Decentralized cooperation contributes to stable, safe, inclusive and resilient SEE communities and regional cohesion.
- 3) SEE Local Government Associations and Local Governments emerging needs are met by a unique knowledge and evidence based policy making and influence, through strategic regional and national partnerships.
- 4) Networks' sustainability is ensured by using all NALAS potentials.

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 2018 to 31 December 2018.

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.

For the Grants received in Macedonian Denars and CHF, the cash transactions executed during the year denominated in Macedonian Denars and CHF are translated into Euros using the average middle exchange rate for the year 2018, published by the National Bank of the Republic of North Macedonia.

The year-end cash balance is translated at the official year end middle exchange rate, published by the National bank of Republic of North Macedonia.

The exchange rates used are as follows:

	31 December 2018	31 December 2017
1 EUR	61.50 Denars	61.49 Denars
1 CHF	54.77 Denars	52.55 Denars
Average EUR	61.51 Denars	61.57 Denars
Average CHF	53.27 Denars	55.46 Denars

Network of Associations of Local Authorities of South East Europe (NALAS)
For the year ended 31 December 2018

Notes to the special purpose financial statements (continued)

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

The Swiss Agency for Development and Cooperation (SDC) supported NALAS from its establishment to present with the objective to support the decentralization reforms. At the beginning, the contributions were channeled through the Congress of Local and Regional Authorities of the Council of Europe and facilitated the initial networking exchange among Local Government Associations in the post-Yugoslav wars context. 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, 2016, 2017 and 2018, 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 maximum MKD 68,542,500. The contribution received for this Agreement for the period 1 January 2018 to 31 December 2018 amounted to MKD 3,350,684 i.e. EUR 54,474 (1 January 2017 to 31 December 2017 amounted to MKD 10,000,000 i.e. EUR 162,417).

During 2018 NALAS received contributions from SDC in accordance with the Contract No. 81053731 (Project No 7F-01122.08.01), for granting of contribution to the Project Local Democracy and Regional Integration in SEE, Support to NALAS 2018-2022 for the period from 15 January 2018 to 31 December 2022 in total of maximum EUR 1,145,000. The contribution received for this Contract for the period 15 January 2018 to 31 December 2018 is EUR 300,000.

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

(all amounts in EUR)	Contract no. 81018281 1 January- 31 December 2018	Contract no. 81053731 1 January- 31 December 2018	1 January- 31 December 2017
PROJECT FUNDS	54,474	300,000	162,417
PROJECT EXPENDITURES			
OPERATIONAL EXPENSES			
1. Personnel			
Personnel expenses	-	74,986	114,157
Total personnel expenses	-	74,986	114,157
2. Office			
Office	590	25,229	29,393
Total office expenses	590	25,229	29,393
Total operational expenses	590	100,215	143,550

Network of Associations of Local Authorities of South East Europe (NALAS)
For the year ended 31 December 2018

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

(all amounts in EUR)	Contract no. 81018281 1 January- 31 December 2018	Contract no. 81053731 1 January- 31 December 2018	1 January- 31 December 2017
TASK FORCES AND KNOWLEDGE CENTER			
1. Knowledge Center			
SO1. Sustainable Local Economic Development	-	23,227	-
SO2. Resilience, Migration, Disaster Risk Management, etc.	-	6,442	-
Running Knowledge Center Network of National Knowledge Managers	-	4,245	6,106
	-	59,759	94,701
Total Knowledge Center	-	93,673	100,807
2. Member Services			
E-learning	-	1,685	4,223
Quick response	-	-	1,384
Peer Review	-	4,769	-
Shadowing / Internship program	-	-	682
Total Member Services	-	6,454	6,289
3. Advisory Concilium			
Advisory Concilium	-	5,104	-
Total Advisory Concilium	-	5,104	-
4. Task Forces			
Task Forces	-	17,839	32,244
Total Task Forces	-	17,839	32,244
5. External and EU integration activities			
External and EU integration activities	-	10,132	10,150
Total External and EU integration activities	-	10,132	10,150
6. Statutory meeting			
General Assembly	-	3,802	8,154
LO Meetings	-	9,554	12,315
Executive Bureau meetings	-	-	-
Total Statutory meeting	-	13,356	20,469
7. Gender			
Gender	-	751	-
Total Gender	-	751	-
TOTAL TASK FORCES AND KNOWLEDGE CENTER	-	147,309	169,959
Audit fees	-	-	6,081
TOTAL EXPENDITURES	590	247,524	319,590
Bank interest	-	-	1,306

Network of Associations of Local Authorities of South East Europe (NALAS)
For the year ended 31 December 2018

Notes to the special purpose financial statements (continued)

5. Contribution Contract for Revolving Fund

During 2017, NALAS signed the Contribution Contract for Revolving Fund with Contract number 81018281, with The Swiss Confederation, represented by Swiss Federal Department of Foreign Affairs acting through the Swiss Agency for Development and Cooperation (SDC), Embassy of Switzerland in Macedonia. This Contract is valid for the period from 01 October 2017 to 31 December 2022, in total amount of CHF 1,000,000. NALAS has established the Revolving Fund with the main purpose of ensuring financial sustainability and liquidity when it comes to pre-financing and co-financing of the Projects. For the period 1 January 2018 to 31 December 2018, NALAS has not received contribution for this Contract (contribution for the period 01 October 2017 to 31 December 2017 amounted to CHF 500,000).

Also, no expenditures for this Contract have occurred in the year of 2018 (in the year 2017, the expenditure for bank transfers of CHF 6.5).

Two EU funded projects have been obtained in 2018, namely the PLATFORMA 2 Project with the Council of European Municipalities and regions (CEMR) funded by DEVCO and "Local Government in an Era of Metropolitan Growth- LOGOV" with EURAC, funded through HORIZON 2020 - Marie Skłodowska-Curie Research and Innovation Staff Exchange Programme (RISE). Implementation of these projects and henceforth utilization of Revolving fund for their co-financing and pre-financing required, will take place during 2019.

6. Advances

As of 31 December 2018, NALAS has disbursed total funds of EUR 64,597 (2017: EUR 2,139) as advances to members and third parties.

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

7. Currency exchange loss/gain

The net foreign exchange gains in the amount of EUR 17,919 (2017: net foreign exchange losses in the amount of EUR 23,271) consist of foreign exchange gains in the amount of EUR 17,934 (2017: foreign exchange losses in the amount of EUR 23,099) resulting from translating the SDC revolving fund from CHF to EUR and the foreign exchange losses in the amount of EUR 15 (2017: foreign exchange losses in the amount of EUR 172) resulting from translating the Macedonian Denars to EUR for reporting purposes.

8. Bank Interest

NALAS operates with bank account in Societe Generale Bank in Strasbourg, and several non-residential bank accounts in ProCredit Bank in Republic of North Macedonia. During the year 2018, the amount of EUR 2,474 was received as bank interest. In 2017, the amount received as bank interest was EUR 2,450.

9. VAT

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 examined from VAT and have no obligation to calculate and express VAT.



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