

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

**Special purpose financial statements
For the year ended 31 December 2024**

With the Independent auditor's report thereon

Contents

	Page
Independent Auditor's Report	1
Statement of sources and uses of funds	2
Summary of funds and expenditures	4
Statement of cash balances, funds and liabilities	7
Notes to the special purpose financial statements	8

GENERAL INFORMATION

Management

Kelmend Zajazi
Executive Director

Registered office

Varshavska 36A,
1000 Skopje
Republic of North Macedonia

Bankers

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Manapo no.7
1000 Skopje
Republic of North Macedonia

Societe Generale
Strasbourg
French Republic

Auditors

Grant Thornton DOO Skopje
Sv. Kiril i Metodij 52b/1-20
1000 Skopje
Republic of North Macedonia

Independent Auditor's Report

To the Management of

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

Grant Thornton DOO

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Report on the special purpose financial statements

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 Statement of sources and uses of funds as at 31 December 2024 and the Summary of funds and expenditures 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 the auditing standards accepted in the 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 from 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 financial statements, whether due to fraud or error. 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 financial statements.

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

Opinion

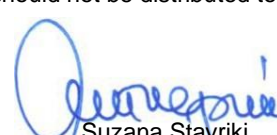
In our opinion, the accompanying special purpose financial statements present fairly, in all material respects, the financial position of Nalas as of 31 December 2024, and its sources and uses of funds for the year then ended in accordance with the cash receipts and disbursements basis as described in Note 3.

Basis of accounting and restriction on distribution and use

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 for the purpose of reporting to the NALAS General Assembly and the Swiss Agency for Development and Cooperation on the activities of the Association, related to funds received. As a result, the special purpose financial statements may not be suitable for another purpose. Our report is intended solely for NALAS General Assembly and the Swiss Agency for Development and Cooperation and should not be distributed to or used by other parties.


Suzana Stavrikj
Director
Grant Thornton DOO, Skopje
Skopje, 01 April 2025




Suzana Stavrikj
Certified Auditor

¹ International 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.

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

STATEMENT OF SOURCES AND USES OF FUNDS

For the year 31 December 2024

(Expressed in EUR)

	note	Projects	SDC Revolving Fund	Membership fee	Other contributions	Total 2024	Total 2023
Balance at beginning of year		2,626,529	814,041	416,400	(7,983)	3,848,987	3,085,572
SOURCES OF FUNDS							
Membership fee		-	-	65,631	-	65,631	57,900
Projects		855,744	-	-	-	855,744	1,659,855
Other contributions		-	-	-	10,542	10,542	4,985
TOTAL SOURCES OF FUNDS	4	3,482,273	814,041	482,031	2,559	4,780,904	4,808,312
EXPENDITURES							
Expenditures		3,418,040	502	65,359	2,559	3,486,460	934,549
TOTAL EXPENDITURES	4	3,418,040	502	65,359	2,559	3,486,460	934,549
Bank interest	8	-	5,187	1,602	-	6,789	6,948
Co-financing	5	138,637	(127,487)	(11,150)	-	-	-
Currency exchange gains/(loss)	7	6	-	(2)	-	4	(16)
Grant funds returned		(29,861)	-	-	-	(29,861)	(31,708)
Surplus / (deficit) of funds over expenditures		173,015	691,239	407,122	-	1,271,376	3,848,987

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

STATEMENT OF SOURCES AND USES OF FUNDS (continued) For the year 31 December 2024 (Expressed in EUR)

	note	Projects	SDC Revolving Fund	Membership fee	Other contributions	Total 2024	Total 2023
Advances (given) / received, net	6	(138,961)	-	2,470	-	(136,491)	(2,146,978)
Cash available / (deficit) at end of year		34,054	691,239	409,592	-	1,134,885	1,702,009
Cash available at end of year consist of:							
Bank accounts						527,628	952,015
Bank accounts Revolving Fund	5					606,161	747,503
Petty cash						1,096	2,491
Total cash available at end of year						1,134,885	1,702,009

Authorized by:


Kelmend Zajazi
Executive Director

Date: 20 March 2025

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

SUMMARY OF FUNDS AND EXPENDITURES 31 December 2024 (Expressed in EUR)

	note	31 December 2024	31 December 2023
EXPENDITURES AND CASH BALANCES			
1. Expenditures			
Revolving Fund-SDC		502	7,913
Membership fee and other own sources		65,359	48,700
GIZ (SoRi Phase III)		311,989	170,548
ORF/GIZ (RCDN + '23-'24)		20,336	84,697
ORF/GIZ (RCDN + '24-'26)		219,853	-
GIZ (Services for Minorities -BLP II)		-	35,004
GIZ/ORF (City Network)		14,571	98,131
GIZ/ORF (Convent of Mayors)		80,633	68,077
GIZ (PEMO/Host Communities)		91,644	5,672
GIZ (U-Lead '23)		867	57,791
GIZ (U-Lead '24)		46,349	-
SDC Albania (One Voice of Municipalities)		2,369	27,377
ADA (BACID/KDZ)		39,600	39,600
UN Women (Gender)		12,628	-
CoE (D. Democracy)		4,107	-
SIDA (Air Quality)		-	38,850
EU (COVALEX)		68,098	4,614
EU (FRIENDSHIP)		50,275	93,004
EU (PLATFORMA SGA 3)		-	53,330
EU (PLATFORMA SGA 4)		12,428	-
EU for Municipalities		2,435,496	1,751
EU (LoGov)		6,797	-
EU (L2BR)		-	86,522
Other contributions-KDZ (cost reimbursements)		1,943	11,191
Other contributions-CoE (cost reimbursements)		616	-
Other contributions-CEMR (cost reimbursements)		-	1,508
Other contributions-FUEN (cost reimbursements)		-	269
Total expenditures		3,486,460	934,549
2. Currency exchange losses, net			
Currency exchange losses, net	7	-	16
Total Currency exchange losses, net		-	16
3. Advances			
Advances given	6	187,060	2,161,128
Total Advances		187,060	2,161,128

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

SUMMARY OF FUNDS AND EXPENDITURES **31 December 2024 (continued)** **(Expressed in EUR)**

	<u>note</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
4. Cash and bank balances			
Cash and bank balances		1,134,885	1,702,009
Total cash and bank balances		<u>1,134,885</u>	<u>1,702,009</u>
TOTAL EXPENDIDURES AND CASH BALANCES		<u>4,808,405</u>	<u>4,797,702</u>

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

SUMMARY OF FUNDS AND EXPENDITURES

31 December 2024 (continued)

(Expressed in EUR)

	<u>note</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
FUNDS AND LIABILITIES			
1. Funds¹			
Revolving Fund-SDC		691,741	821,954
Membership fee and other own sources		472,483	465,116
GIZ (SoRi Phase III)		477,040	477,918
ORF/GIZ (RCDN + '23-'24)		20,336	112,373
ORF/GIZ (RCDN + '24-'26)		270,096	-
GIZ (Services for Minorities -BLP II)		-	35,004
GIZ/ORF (City Network)		14,571	102,968
GIZ/ORF (Convent of Mayors)		97,917	87,669
GIZ (PEMO/Host Communities)		129,128	60,020
GIZ (U-Lead '23)		867	81,179
GIZ (U-Lead '24)		44,351	-
SDC Albania (One Voice of Municipalities)		2,369	28,823
ADA (BACID/KDZ)		33,000	29,700
UN Women (Gender)		27,314	-
CoE (D. Democracy)		-	-
SIDA (Air Quality)		-	-
EU (COVALEX)		86,054	79,518
EU (FRIENDSHIP)		80,051	113,055
EU (PLATFORMA SGA 3)		-	3,804
EU (PLATFORMA SGA 4)		-	-
EU (EU for Municipalities)		2,304,772	2,189,761
EU (LoGoV)		3,183	3,183
EU (L2BR)		-	86,522
Other contributions - KDZ (cost reimbursements)		1,943	3,208
Other contributions - CoE (cost reimbursements)		616	-
Other contributions - CEMR (cost reimbursements)		-	1,508
Other contributions - FUEN (cost reimbursements)		-	269
Total Funds		4,757,832	4,783,552
2. Currency exchange gains, net			
Currency exchange gains, net	7	4	-
Total Currency exchange gains, net		4	-
3. Liabilities			
Advances received	6	50,569	14,150
Total Advances		50,569	14,150
TOTAL FUNDS AND LIABILITIES		4,808,405	4,797,702

¹ The Funds include total sources of funds, bank interest, co-financing and Grant funds returned.

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

STATEMENT OF CASH BALANCES, FUNDS AND LIABILITIES as of 31 December 2024 (Expressed in EUR)

	note	31 December 2024	31 December 2023
CASH BALANCES			
1. Cash and bank balances			
Cash and bank balances		1,134,885	1,702,009
Total Cash and bank balances		1,134,885	1,702,009
2. Advances			
Advances given	6	187,060	2,161,128
Total Advances		187,060	2,161,128
TOTAL CASH BALANCES AND ADVANCES		1,321,945	3,863,137
FUNDS AND LIABILITIES			
1. Outstanding fund balances			
Revolving Fund-SDC	5	691,239	814,041
Membership fee and other own sources		407,122	416,400
GIZ (SoRi Phase III)		165,051	307,370
ORF/GIZ (RCDN + '23-'24)		-	27,676
ORF/GIZ (RCDN + '24-'26)		50,243	-
GIZ/ORF (City Network)		-	4,837
GIZ/ORF (Convent of Mayors)		17,284	19,592
GIZ (PEMO/Host Communities)		37,484	54,348
GIZ (U-Lead '23)		-	23,388
GIZ (U-Lead '24)		(1,998)	-
SDC Albania (One Voice of Municipalities)		-	1,446
ADA (BACID/KDZ)		(6,600)	(9,900)
UN Women (Gender)		14,692	-
CoE (D. Democracy)		(4,107)	-
SIDA (Air Quality)		-	(38,850)
EU (COVALEX)		17,956	74,904
EU (FRIENDSHIP)		29,776	20,051
EU (PLATFORMA SGA 3)		-	(49,526)
EU (PLATFORMA SGA 4)		(12,428)	-
EU (EU for Municipalities)		(130,724)	2,188,010
EU (LoGov)		(3,614)	3,183
Other contributions-KDZ (cost reimbursements)		-	(7,983)
Total outstanding funds balances		1,271,376	3,848,987
2. Liabilities			
Advances received	6	50,569	14,150
Total Liabilities		50,569	14,150
TOTAL FUNDS AND LIABILITIES		1,321,945	3,863,137

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 economies in South East Europe.

NALAS was established in 2001 as an informal network and in 2005 was formally registered based on the Alsacian Law in Strasbourg, France. The association is set up for an unlimited period. 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 in the Republic of North Macedonia under coordination of the President and Executive Director of NALAS.

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 (NALAS (Mreza na nacionalnite asocijacii na lokalnite vlasti vo Jugoistocna Evropa) Podruznica-neprofitna stranska organizacija-Skopje) and operates through a non-resident account in the Republic of North Macedonia. NALAS address in Strasbourg is Maison Des Associations, place des Orphelins, 1a while the branch office address in Skopje is Varshavska 36A.

For the purpose of implementation of the EU funded "EU for Municipalities" Project in Albania, NALAS has established a Branch Office in Albania, registered at the Tirana District Court as NALAS Branch in Albania in 2022. The operations of the NALAS Branch in Albania will be audited as foreseen in the EU for Municipality Project contract with EU.

The Secretariat is responsible for the day-to-day running of the Association, administration of the Association, as well as for communication and internal and international relations. The Secretariat is responsible for the practical implementation of the decisions taken by the Governing Bodies.

2. Objectives of NALAS

The overall goal of the association is to advocate for local self-government development and decentralization and to 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.

Notes to the special purpose financial statements (continued) **Objectives of NALAS (continued)**

NALAS supports 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.

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 on 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 ("the Donor") on the activities of the Association, including the use of the revolving fund for pre-financing and co-financing of the projects, excluding the operation of the NALAS Branch Office in Albania.

These financial statements include all operational and task-related expenditures incurred for the period from 1 January 2024 to 31 December 2024.

The policy of the Association is to prepare the special purpose financial statements based on the principles of cash inflows and cash outflows. On this basis revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred, except for expenditures from implementing partners and subgrantees which are recognized after approval of financial reports submitted to Nalas. The accounting policies have been applied consistently throughout the reporting periods. They have been developed to meet the requirements of the donors which have provided institutional support to NALAS - Swiss Agency for Development and Cooperation (SDC) and Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ).

Notes to the special purpose financial statements (continued)
Basis for preparation (continued)

3.2. 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 EUR using the average middle exchange rate for the year 2024, 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 2024	31 December 2023
1 EUR	61.50 Denars	61.50 Denars
1 CHF	-	-
Average EUR	61.53 Denars	61.56 Denars
Average CHF	-	-

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

Notes to the special purpose financial statements (continued)

4. STATEMENT OF SOURCES AND USES OF FUNDS DETAILS

For the year ended 31 December 2024
(expressed in EUR)

	note	SoRi III GIZ	RCDN+ '23- '24 GIZ	RCDN+ '24- '26 GIZ	City Network GIZ	COMO GIZ	Host Communities GIZ	U-Lead '23 GIZ	U-Lead '24 GIZ	One Voice SDC	BACID ADA/KDZ	Gender Un Woman
Balance on beginning of year		307,370	27,676	-	4,837	19,592	54,348	23,388	-	1,446	(9,900)	-
SOURCES OF FUNDS												
I. Membership fee												
II. Projects												
Grants from SDC (2018-2022)		-	-	-	-	-	-	-	-	-	-	-
Grants from SDC-Revolving Fund	5	-	-	-	-	-	-	-	-	-	-	-
GIZ (SoRi Phase II)		-	-	-	-	-	-	-	-	-	-	-
GIZ (SoRi Phase III)		169,670	-	-	-	-	-	-	-	-	-	-
ORF/GIZ (RCDN+ '23-'24)		-	-	-	-	-	-	-	-	-	-	-
ORF/GIZ (RCDN+ '24-'26)		-	-	270,096	-	-	-	-	-	-	-	-
GIZ/ORF (City Network)		-	-	-	9,734	-	-	-	-	-	-	-
GIZ/ORF (Convent of Mayors)		-	-	-	-	78,325	-	-	-	-	-	-
GIZ (PEMO/Host Communities)		-	-	-	-	-	74,780	-	-	-	-	-
GIZ (U-Lead '23)		-	-	-	-	-	-	-	-	-	-	-
GIZ (U-Lead '24)		-	-	-	-	-	-	-	44,351	-	-	-
SDC Albania (One voice for Municipalities)		-	-	-	-	-	-	-	-	923	-	-
ADA (BACID/KDZ)		-	-	-	-	-	-	-	-	-	32,175	-
Gender (Un Woman)		-	-	-	-	-	-	-	-	-	-	27,314
D. Democracy (CoE)		-	-	-	-	-	-	-	-	-	-	-
Air Quality (SIDA)		-	-	-	-	-	-	-	-	-	-	-
COVALEX		-	-	-	-	-	-	-	-	-	-	-
FRIENDSHIP		-	-	-	-	-	-	-	-	-	-	-
PLATFORMA 3		-	-	-	-	-	-	-	-	-	-	-
PLATFORMA 4		-	-	-	-	-	-	-	-	-	-	-
EU4M		-	-	-	-	-	-	-	-	-	-	-
LoGoV		-	-	-	-	-	-	-	-	-	-	-
III Other Contributions												
KDZ (costs reimbursements)		-	-	-	-	-	-	-	-	-	-	-
CEMR (costs reimbursements)		-	-	-	-	-	-	-	-	-	-	-
FUEN (costs reimbursements)		-	-	-	-	-	-	-	-	-	-	-
CoE (costs reimbursements)		-	-	-	-	-	-	-	-	-	-	-
TOTAL SOURCES OF FUNDS		477,040	27,676	270,096	14,571	97,917	129,128	23,388	44,351	2,369	22,275	27,314
EXPENDITURES												
I. Human Resources / Personnel		81,679	8,969	90,907	4,819	45,560	44,442	-	9,963	-	39,600	4,872
II. Travel & Accomodation		67,522	7,136	63,998	4,381	26,023	19,306	384	18,853	-	-	6,226
III. Equipment & Supplies		6,547	529	2,469	-	1,094	1,672	-	-	-	-	1,419
IV. Office Costs		8,584	75	2,690	366	1,928	4,652	171	2,439	-	-	-
V. Services		24,024	3,627	21,913	5,005	6,028	4,202	312	10,104	2,369	-	111
VI. Forward Funding (subgranting LGA, LGs, partner)		123,633	-	37,876	-	-	17,370	-	4,990	-	-	-
TOTAL EXPENDITURES		311,989	20,336	219,853	14,571	80,633	91,644	867	46,349	2,369	39,600	12,628
Bank interest	8	-	-	-	-	-	-	-	-	-	-	-
Co-financing	5	-	-	-	-	-	-	-	-	-	10,725	-
Currency exchange gains/(loss)	7	-	-	-	-	-	-	-	-	-	-	6
Transfer to reserve funds and others		-	-	-	-	-	-	-	-	-	-	-
Grant funds returned		-	(7,340)	-	-	-	-	(22,521)	-	-	-	-
Surplus of funds over expenditures		165,051	-	50,243	-	17,284	37,484	-	(1,998)	-	(6,600)	14,692
Advances (given)/received	6	(115,148)	-	(64,033)	-	-	(7,879)	-	-	-	-	-
Cash available / (deficit) at end of year		49,903	-	(13,790)	-	17,284	29,605	-	(1,998)	-	(6,600)	14,692

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

Notes to the special purpose financial statements (continued)

4. STATEMENT OF SOURCES AND USES OF FUNDS DETAILS (continued)

For the year ended 31 December 2024
(expressed in EUR)

	note	D. Democracy CoE	Air Quality SIDA	COVALEX EU	Friendship EU	PLATFORMA 3 EU	PLATFORMA 4 EU	EU4M EU	LoGoV EU	Revolving Fund SDC	NALAS Membership fee	Other contributions	Total 2024	Total 2023
Balance on beginning of year		-	(38,850)	74,904	20,051	(49,526)	-	2,188,010	3,183	814,041	416,400	(7,983)	3,848,987	3,085,572
SOURCES OF FUNDS														
I. Membership fee											65,631.00		65,631	57,900
II. Projects														
Grants from SDC (2018-2022)		-	-	-	-	-	-	-	-	-	-	-	-	88,937
Grants from SDC-Revolving Fund	5	-	-	-	-	-	-	-	-	-	-	-	-	-
GIZ (SoRi Phase II)		-	-	-	-	-	-	-	-	-	-	-	-	55,825
GIZ (SoRi Phase III)		-	-	-	-	-	-	-	-	-	-	-	169,670	386,059
ORF/GIZ (RCDN+ '23-'24)		-	-	-	-	-	-	-	-	-	-	-	-	112,373
ORF/GIZ (RCDN+ '24-'26)		-	-	-	-	-	-	-	-	-	-	-	270,096	-
GIZ/ORF (City Network)		-	-	-	-	-	-	-	-	-	-	-	9,734	73,795
GIZ/ORF (Convent of Mayors)		-	-	-	-	-	-	-	-	-	-	-	78,325	57,833
GIZ (PEMO/Host Communities)		-	-	-	-	-	-	-	-	-	-	-	74,780	60,020
GIZ (U-Lead '23)		-	-	-	-	-	-	-	-	-	-	-	-	81,100
GIZ (U-Lead '24)		-	-	-	-	-	-	-	-	-	-	-	44,351	-
SDC Albania (One voice for Municipalities)		-	-	-	-	-	-	-	-	-	-	-	923	32,000
ADA (BACID/KDZ)		-	-	-	-	-	-	-	-	-	-	-	32,175	29,250
Gender (Un Woman)		-	-	-	-	-	-	-	-	-	-	-	27,314	-
D. Democracy (CoE)		-	-	-	-	-	-	-	-	-	-	-	-	-
Air Quality (SIDA)		-	38,850	-	-	-	-	-	-	-	-	-	38,850	-
COVALEX		-	-	-	-	-	-	-	-	-	-	-	-	79,518
FRIENDSHIP		-	-	-	60,000	-	-	-	-	-	-	-	60,000	87,126
PLATFORMA 3		-	-	-	-	49,526	-	-	-	-	-	-	49,526	11,020
PLATFORMA 4		-	-	-	-	-	-	-	-	-	-	-	-	-
EU4M		-	-	-	-	-	-	-	-	-	-	-	-	500,180
LoGoV		-	-	-	-	-	-	-	-	-	-	-	-	4,819
III Other Contributions														
KDZ (costs reimbursements)		-	-	-	-	-	-	-	-	-	-	9,926	9,926	3,208
CEMR (costs reimbursements)		-	-	-	-	-	-	-	-	-	-	-	-	1,508
FUEN (costs reimbursements)		-	-	-	-	-	-	-	-	-	-	-	-	269
CoE (costs reimbursements)		-	-	-	-	-	-	-	-	-	-	616	616	-
TOTAL SOURCES OF FUNDS		-	-	74,904	80,051	-	-	2,188,010	3,183	814,041	482,031	2,559	4,780,904	4,808,312
EXPENDITURES														
I. Human Resources / Personnel		-	-	31,379	43,924	-	-	-	1,000	-	21,786	-	428,900	386,748
II. Travel & Accomodation	57	-	-	8,576	3,644	-	12,003	-	5,250	-	20,920	2,144	266,423	212,747
III. Equipment & Supplies		-	-	-	-	-	-	-	-	-	1,865	-	15,595	5,139
IV. Office Costs		-	-	799	2,263	-	-	-	359	-	3,974	-	28,300	28,129
V. Services		4,050	-	27,344	444	-	425	1,125	188	502	16,814	415	129,002	147,718
VI. Forward Funding (subgranting LGA, LGs, partner)		-	-	-	-	-	-	2,434,371	-	-	-	-	2,618,240	154,068
TOTAL EXPENDITURES		4,107	-	68,098	50,275	-	12,428	2,435,496	6,797	502	65,359	2,559	3,486,460	934,549
Bank interest	8	-	-	-	-	-	-	-	-	5,187	1,602	-	6,789	6,948
Co-financing	5	-	-	11,150	-	-	-	116,762	-	(127,487)	(11,150)	-	-	-
Currency exchange gains/(loss)	7	-	-	-	-	-	-	-	-	-	(2)	-	4	(16)
Transfer to reserve funds and others		-	-	-	-	-	-	-	-	-	-	-	-	-
Grant funds returned		-	-	-	-	-	-	-	-	-	-	-	(29,861)	(31,708)
Surplus of funds over expenditures		(4,107)	-	17,956	29,776	-	(12,428)	(130,724)	(3,614)	691,239	407,122	-	1,271,376	3,848,987
Advances (given)/received	6	-	-	-	-	-	-	48,099	-	-	2,470	-	(136,491)	(2,146,978)
Cash available / (deficit) at end of year		(4,107)	-	17,956	29,776	-	(12,428)	(82,625)	(3,614)	691,239	409,592	-	1,134,885	1,702,009

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 was valid for the period from 1 October 2017 to 31 December 2022, in total amount of CHF 1,000,000. In 2023, an Amendment to the Contribution Contract for Revolving Fund was signed for extension of the Grant period until 31 December 2027.

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 from 1 January 2024 to 31 December 2024, NALAS has not received an instalment for this Contract (for the period from 1 January 2023 to 31 December 2023, NALAS has not received an instalment for this Contract). The total amount of the Grant has been transferred to NALAS in the previous years.

From signing the Contribution Contract for Revolving Fund till the end of December 2024, the Revolving fund has been mobilized for pre-financing and co-financing of the following Projects:

- "PLATFORMA (SGA 2)" funded by Directorate-General for International Cooperation and Development of European Union (DEVCO)
- "Local Government in an Era of Metropolitan Growth - LOGOV, funded through HORIZON 2020 - Marie Skłodowska-Curie Research and Innovation Staff Exchange Programme (RISE).
- "EU for Municipalities" funded under the EuropeAid/166359/DD/ACT/AL call for proposals,
- "Learn to be Resilient-L2BR" funded under the call for proposals (UCPM-2020-KN-AG) in the field of Civil Protection under the Union Civil Protection Knowledge Network,
- "BACID III (Building Administrative Capacities of the Western Balkans and the Republic of Moldova)", funded by Austrian Development Agency
- "PLATFORMA (SGA 3)", funded by funded by Directorate-General for International Partnerships (DG International Partnerships or DG INTPA) of the European Commission.
- FRIENDSHIP-Strengthening EU-Mongolia Friendship through Equitable, Resilient and Innovative Growth in Darkhan City, funded by EU's EuropeAid funding programme managed by DG INTPA (Directorate General International Partnerships)

Following is the detailed breakdown of funds and uses of funds of the Revolving Fund as well as the balance of the Revolving Fund as of 31 December 2024 and 2023:

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

Notes to the special purpose financial statement (continued) Contribution Contract for Revolving Fund (continued)

(all amounts in EUR)		Total 2024	Total 2023
SOURCES OF FUNDS			
	Balance at beginning of year	814,041	854,569
	Contribution during the year	-	-
Total Sources of funds		814,041	854,569
EXPENDITURES			
	Services (bank fees and audit cost)	502	7,913
Total expenditures		502	7,913
CO-FINANCING			
	PLATFORMA SGA 3 co-financing	-	23,568
	LoGoV co-financing	-	-
	EU for Municipalities co-financing	116,762	-
	L2BR co-financing	-	5,073
	ADA (BACID/KDZ) co-financing	10,725	9,750
Total co-financing		127,487	38,391
Currency exchange gains/(loss)		-	-
Revolving Fund Bank interest		5,187	5,776
Surplus of funds over expenditures and co-financing		691,239	814,041
Cumulative funds used for pre-financing expenditures			
	PLATFORMA	139,264	139,264
	PLATFORMA SGA 3	53,751	53,751
	LoGoV	5,444	5,444
	ADA (BACID/KDZ)	79,275	50,400
	FRIENDSHIP	24,359	9,893
	EU4M	178,221	-
Total cumulative funds used for pre-financing		480,314	258,752
Cumulative funds reimbursed for pre-financed expenditures			
	PLATFORMA	(139,264)	(139,264)
	PLATFORMA SGA 3	(53,751)	(11,020)
	ADA (BACID/KDZ)	(52,875)	(40,500)
	FRIENDSHIP	(24,359)	-
Total cumulative funds reimbursed for pre-financed expenditures		(270,249)	(190,784)
Advances			
	Advance from PLATFORMA given/(received)	(6,541)	254
Total funds used for advance payment		(6,541)	254
Revolving funds committed for co-financing			
	EU for Municipalities co-financing part	(118,446)	(1,684)
Total Revolving funds committed for co-financing		(118,446)	(1,684)
Funds on bank accounts as of 31 December			
	Bank account in CHF	-	-
	Bank account in EUR	606,161	747,503
Total Funds on bank accounts Revolving Fund		606,161	747,503

Notes to the special purpose financial statement (continued) **Contribution Contract for Revolving Fund (continued)**

PLATFORMA pre-financing expenditures in amount of EUR 139,264 include funds used for pre-financing of expenditures in previous years.

PLATFORMA SGA3 pre-financing expenditures in amount of EUR 53,751 include funds used for pre-financing of expenditures in previous years.

LoGov pre-financing expenditures in amount of EUR 5,444 include funds used for pre-financing of expenditures in previous years.

ADA (BACID/KDZ) pre-financing expenditures in amount of EUR 79,275 include EUR 28,875 used for pre-financing of expenditures in year 2024 and EUR 50,400 in previous years.

FRIENDSHIP pre-financing expenditures in amount of EUR 24,359 include EUR 14,466 are used for pre-financing of expenditures in year 2024 and EUR 9,893 in year 2023.

EU4M pre-financing expenditures in amount of EUR 178,221 are used for pre-financing of expenditures in year 2024.

Funds received for pre-financed expenditures for PLATFORMA in amount of EUR 139,264 include funds received in previous years.

Funds received for pre-financed expenditures for PLATFORMA SGA 3 in amount of EUR 53,751 include EUR 42,731 funds received in year 2024 and EUR 11,020 funds received in year 2023.

Funds received for pre-financed expenditures for ADA (BACID/KDZ) in amount of EUR 52,875 include EUR 12,375 received in year 2024 and EUR 40,500 received in previous years.

Funds received for pre-financed expenditures for FRIENDSHIP in amount of EUR 24,359 include funds received in year 2024.

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

Notes to the special purpose financial statement (continued)

6. Advances

By 31 December 2024, NALAS has disbursed total net funds of EUR 136,491 (2023: EUR 2,146,978) as advances to members and partners, as well as to other third parties.

The advances given to members and partners are in connection with Grant Agreements signed between NALAS and members, consortium partners in respective projects as well as NALAS Branch office in Tirana specifically for the Project EU for Municipalities.

Following is the breakdown of advances on 31 December:

(all amounts in EUR)	31 December 2024	31 December 2023
<i>Advances received related to:</i>		
Project EU for Municipalities	48,099	-
Other Projects/Partners	2,470	
Project U-Lead '23	-	10,983
Project L2BR	-	3,167
Total advances received	50,569	14,150
<i>Advances (given) related to:</i>		
Project SoRi III	(115,148)	(32,928)
Project RCDN+ '24-'26	(64,033)	-
Project Host Commun.	(7,879)	(24,920)
Project EU for Municipalities	-	(2,102,669)
Project RCDN '23-'24	-	(25)
Other Projects/Partners	-	(586)
Total advances (given)	(187,060)	(2,161,128)
Total Advances, net	(136,491)	(2,146,978)

As of 31 December 2024, the advances related to the Project EU for Municipalities in amount of EUR 48,099 include: EUR 23,519 funds transferred to NALAS Branch office in Tirana, EUR 71,618 funds to be transferred to project partners and affiliated entities.

As of 31 December 2023, the advances related to the Project EU for Municipalities in amount of EUR 2,102,669 include: EUR 395,000 funds transferred to NALAS Branch office in Tirana, EUR 355,683 funds transferred to project partners and affiliated entities and EUR 1,351,986 funds transferred to Grantees/Municipalities.

The funds transferred to NALAS Branch office as advance payments will be closed after completion of the procedure for VAT reimbursement expected by the Ministry of Finance of Albania. Whereas, advances to project partners and affiliated entities will be closed after disbursement of final balance of the grant by EU. Advances related to Grantees/Municipalities are closed in year 2024 in accordance to the official project expenditure verifications done by the independent audit company.

7. Currency exchange loss/gain

The net foreign exchange gains in the amount of EUR 4 (2023: net foreign exchange losses in the amount of EUR 16) are resulting from translating the Macedonian Denars to EUR for reporting purposes.

Notes to the special purpose financial statement (continued)

8. Bank Interest

NALAS operates with bank account in Societe Generale Bank in Strasbourg, and several non-residential bank accounts in ProCredit Bank in the Republic of North Macedonia. During the year 2024, the amount of EUR 6,789 was received as bank interest from ProCredit Bank in the Republic of North Macedonia. In 2023, the amount received as bank interest was EUR 6,948 from ProCredit Bank in the Republic of North Macedonia.

9. VAT Recoverable

Due to the Government Instruction for Implementation of the Exemption of VAT from 29 December 2009, effective from 1 January 2010, for the projects eligible for VAT exemption, NALAS disburse domestic payments in the Republic of North Macedonia without VAT. According to the legislation of the Republic of North Macedonia, projects financed by foreign donators and IPA funds are exempt from VAT and have no obligation to calculate and express VAT.