

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

**Special purpose financial statements
For the year ended 31 December 2021**

With the Independent auditor's report thereon

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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,
Manapo no. 7
1000 Skopje
Republic of North Macedonia

Societe Generale
Strasbourg
French Republic

Auditors

PricewaterhouseCoopers Revizija DOO Skopje
8 Septemvri Blvd no.16
Hyperium Business Center, 2nd floor
1000 Skopje
Republic of North Macedonia



Independent auditor's report

To: NALAS General Assembly and Swiss Agency for Development and Cooperation

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 Summary of funds and expenditures as at 31 December 2021 and 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 the Management of NALAS in accordance with the accounting policies of the Association as described in Note 3, based on the principles of cash inflows and cash outflows.

Management's responsibility for the special purpose financial statements

Management is responsible for the preparation of these special purpose financial statements based on the principles of cash inflows and cash outflows 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 International Standards on Auditing. Our audit procedures also included the procedures required by the Standards on Auditing applicable in Republic of North Macedonia. 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 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 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 of the Association for the year ended 31 December 2021 are prepared, in all material respects, in accordance with the accounting policies of the Association as described in Note 3, based on the principles of cash inflows and cash outflows.

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 describes the basis of accounting. The special purpose financial statements are prepared for the purposes of reporting to the NALAS General Assembly and the Swiss Agency for Development and Cooperation on the activities of the Association, related to funding 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.


Dragan Davitkov
General Manager




Dragan Davitkov
Certified Auditor

PricewaterhouseCoopers Revizija DOO Skopje
11 April 2022
Skopje, Republic of North Macedonia

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

STATEMENT OF SOURCES AND USES OF FUNDS For the year 31 December 2021 (Expressed in EUR)

	note	SDC Grant	Other Projects	SDC Revolving Fund	Membership fee/other contributions	Total 2021	Total 2020
SOURCES OF FUNDS							
Balance at beginning of year		1,701	(15,365)	632,551	413,520	1,032,407	1,028,406
Membership fee		-	-	-	59,000	59,000	56,500
Other own revenues/contributions		-	-	-	-	-	-
NDI		-	-	-	5,401	5,401	-
Grants from SDC (2018-2022)	4	190,000	-	-	-	190,000	240,000
Grants from SDC-Revolving Fund	5	-	-	231,218	-	231,218	233,623
ORF/GIZ (RCDN)		-	-	-	-	-	56
ORF/GIZ (RCDN II)		-	163,937	-	-	163,937	49,493
ORF/GIZ (RCDN 2021-2022)		-	189,654	-	-	189,654	-
ORF/GIZ (Business cases for improved waste coll.)		-	-	-	-	-	3,461
GIZ (SoRi Phase II)		-	327,850	-	-	327,850	168,568
GIZ (CEE-SEE)		-	20,484	-	-	20,484	9,947
GIZ (Services for Minorities -BLP)		-	54,417	-	-	54,417	-
UN Women		-	27,403	-	-	27,403	29,514
WBI (WB Austria Urb. Partnership Progr. II)		-	11,936	-	-	11,936	-
PLGP (USAID Albania)		-	-	-	-	-	6,924
SDC Albania (One Voice of Municipalities)		-	33,500	-	-	33,500	-
PLATFORMA		-	79,721	-	-	79,721	9,321
EU for Municipalities		-	1,078,702	-	-	1,078,702	-
L2BR		-	136,802	-	-	136,802	-
TOTAL SOURCES OF FUNDS		191,701	2,109,041	863,769	477,921	3,642,432	1,835,813

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 2021 (Expressed in EUR)

	note	SDC Grant	Other Projects	Revolving Fund	SDC Membership fee/other contributions	Total 2021	Total 2020
OPERATIONAL EXPENSES							
Personnel		71,986	-	-	18,303	90,289	104,092
Office Expenses		21,790	-	10	4,151	25,951	28,772
Total operational expenses		93,776	-	10	22,454	116,240	132,864
TASK FORCES AND KNOWLEDGE CENTER							
Knowledge Center		75,531	-	-	4,050	79,581	91,788
Member Services		3,388	-	-	-	3,388	2,415
Advisory Concilium		1,436	-	-	-	1,436	11,249
Task Forces		8,305	-	-	7,051	15,356	11,860
External and EU integration activities		1,273	-	-	-	1,273	1,550
Statutory meeting		3,339	-	-	-	3,339	37,919
Gender		-	-	-	-	-	832
Total task forces and knowledge center		93,272	-	-	11,101	104,373	157,613
ORF (RCDN)		-	-	-	-	-	146,281
ORF (RCDN II)		-	103,704	-	2,727	106,431	114,737
ORF/GIZ (RCDN 2021-2022)		-	103,733	-	-	103,733	-
GIZ (SoRi Phase II)		-	205,121	-	10,010	215,131	120,837
GIZ (CEE/SEE)		-	25,649	-	-	25,649	2,348
GIZ (Services for Minorities -BLP)		-	54,690	-	-	54,690	-
UN Women		-	30,284	-	-	30,284	27,219
WBI (WB Austria Urb. Partnership Progr. II)		-	8,135	-	-	8,135	3,798
SDC Albania (One Voice of Municipalities)		-	918	-	-	918	-

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 2021 (Expressed in EUR)

	note	SDC Grant	Other Projects	SDC Revolving Fund	Membership fee/other contributions	Total 2021	Total 2020
LoGoV	5	-	1,026	-	-	1,026	2,436
PLATFORMA	5	-	53,160	12,166	-	65,326	90,504
PLATFORMA SGA 3		-	11,429	-	-	11,429	-
EU for Municipalities	5	-	28,588	1,684	-	30,272	-
L2BR		-	7,640	-	-	7,640	-
Audit fees		3,670	-	-	-	3,670	3,670
TOTAL EXPENDITURES		190,718	634,077	13,860	46,292	884,947	802,307

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

STATEMENT OF SOURCES AND USES OF FUNDS (continued) For the year 31 December 2021 (Expressed in EUR)

	note	SDC Grant	Other Projects	SDC Revolving Fund	Membership fee/other contributions	Total 2021	Total 2020
Bank interest	8	-	-	-	2,345	2,345	2,923
Currency exchange gains/(loss)	7	-	2	32,875	70	32,947	(4,022)
Surplus / (deficit) of funds over expenditures		983	1,474,966	882,784	434,044	2,792,777	1,032,407
Advances (given) / received	6	-	(344,874)	-	(1,072)	(345,946)	(105,265)
Cash available / (deficit) at end of year		983	1,130,092	882,784	432,972	2,446,831	927,142
Cash available at end of year consist of:							
Bank accounts						1,611,882	371,230
Bank accounts Revolving Fund						832,091	554,706
Petty cash						2,858	1,206
Total cash available at end of year						2,446,831	927,142

Authorized on behalf of


Kelmehd Zajazi
 Executive Director

Date: 11 April 2022

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

STATEMENT OF EXPENDITURE DETAILS

For the year ended 31 December 2021
(Expressed in EUR)

	note	SDC Grant	Other Projects	SDC Revolving Fund	Membership fee/other contributions	Total 2021	Total 2020
OPERATIONAL EXPENSES							
1. Personnel							
Personnel expenses		71,986	-	-	18,303	90,289	104,092
Total personnel expenses		71,986	-	-	18,303	90,289	104,092
2. Office							
Office		21,790	-	10	4,151	25,951	28,772
Total office expenses		21,790	-	10	4,151	25,951	28,772
Total operational expenses		93,776	-	10	22,454	116,240	132,864
TASK FORCES AND KNOWLEDGE CENTER							
1. Knowledge Center							
SO1. Sustainable Local Economic Development		2,840	-	-	-	2,840	6,153
SO2. Resilience, Migration, Disaster Risk Management, etc.		427	-	-	-	427	5,162
Running Knowledge Center		4,848	-	-	-	4,848	3,406
Network of National Knowledge Managers		67,416	-	-	4,050	71,466	77,067
Total Knowledge Center		75,531	-	-	4,050	79,581	91,788

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 EXPENDITURE DETAILS (continued)

For the year ended 31 December 2021

(Expressed in EUR)

	note	SDC Grant	Other Projects	SDC Revolving Fund	Membership fee/other contributions	Total 2021	Total 2020
2. Member Services							
E-learning		3,388	-	-	-	3,388	2,415
Quick response		-	-	-	-	-	-
Peer Review		-	-	-	-	-	-
Shadowing / Internship program		-	-	-	-	-	-
Total Member Services		3,388	-	-	-	3,388	2,415
3. Advisory Concilium							
Advisory Concilium		1,436	-	-	-	1,436	11,249
Total Advisory Concilium		1,436	-	-	-	1,436	11,249
4. Task Forces							
Task Forces		8,305	-	-	7,051	15,356	11,860
Total Task Forces		8,305	-	-	7,051	15,356	11,860
5. External and EU integration activities							
External and EU integration activities		1,273	-	-	-	1,273	1,550
Total External and EU integration activities		1,273	-	-	-	1,273	1,550
6. Statutory meetings							
General Assembly		2,930	-	-	-	2,930	27,494
LO Meetings		409	-	-	-	409	10,425
Executive Bureau meetings		-	-	-	-	-	-
Total Statutory meetings		3,339	-	-	-	3,339	37,919

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 EXPENDITURE DETAILS (continued) For the year ended 31 December 2021 (Expressed in EUR)

	note	SDC Grant	Other Projects	SDC Revolving Fund	Membership fee/other contributions	Total 2021	Total 2020
7. Gender							
Gender	-	-	-	-	-	-	832
Total Gender	-	-	-	-	-	-	832
TOTAL TASK FORCES AND KNOWLEDGE CENTER		93,272	-	-	11,101	104,373	157,613
ORF/GIZ (RCDN)	-	-	-	-	-	-	146,281
ORF/GIZ (RCDN II)	-	-	103,704	-	2,727	106,431	114,737
ORF/GIZ (RCDN 2021-2022)	-	-	103,733	-	-	103,733	-
GIZ (SoRi Phase II)	-	-	205,121	-	10,010	215,131	120,837
GIZ (CEE-SEE)	-	-	25,649	-	-	25,649	2,348
GIZ (Services for Minorities -BLP)	-	-	54,690	-	-	54,690	-
UN Women	-	-	30,284	-	-	30,284	27,219
WBI (WB Austria Urb. Partnership Progr. II)	-	-	8,135	-	-	8,135	3,798
SDC Albania (One Voice of Municipalities)	-	-	918	-	-	918	-
LoGoV	-	-	1,026	-	-	1,026	2,436
PLATFORMA	-	-	53,160	12,166	-	65,326	90,504
PLATFORMA SGA 3	-	-	11,429	-	-	11,429	-
EU for Municipalities	-	-	28,588	1,684	-	30,272	-
L2BR	-	-	7,640	-	-	7,640	-
Audit fees	-	3,670	-	-	-	3,670	3,670
TOTAL EXPENDITURES		190,718	634,077	13,860	46,292	884,947	802,307

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)

SUMMARY OF FUNDS AND EXPENDITURES 31 December 2021 (Expressed in EUR)

	note	31 December 2021	31 December 2020
EXPENDITURES AND CASH BALANCES			
1. Expenditures			
SDC grant		190,718	264,198
Revolving Fund-SDC		13,860	19,649
Membership fee and other own sources		46,292	28,030
ORF/GIZ (RCDN)		-	146,281
ORF/GIZ (RCDN II)		103,704	109,726
ORF/GIZ (RCDN 2021-2022)		103,733	-
GIZ (SoRi Phase II)		205,121	120,837
GIZ (CEE-SEE)		25,649	2,348
GIZ (Services for Minorities -BLP)		54,690	-
UN Women		30,284	27,219
WBI (WB Austria Urb. Partnership Progr. II)		8,135	3,798
PLGP (USAID Albania)		-	6,924
SDC Albania (One Voice of Municipalities)		918	-
LoGov		1,026	1,744
PLATFORMA		53,160	71,553
PLATFORMA SGA 3		11,429	-
EU for Municipalities		28,588	-
L2BR		7,640	-
Total expenditures		884,947	802,307
2. Currency exchange losses, net			
Currency exchange losses, net	7	-	4,022
Total Currency exchange losses, net		-	4,022
3. Advances			
Advances given	6	345,946	105,348
Total Advances		345,946	105,348
4. Cash and bank balances			
Cash and bank balances		2,446,831	927,142
Total cash and bank balances		2,446,831	927,142
TOTAL EXPENDITURES AND CASH BALANCES		3,677,724	1,838,819
FUNDS AND LIABILITIES			
1. Funds			
SDC grant		191,701	265,899
Revolving Fund-SDC		863,769	655,971
Membership fee and other own sources		474,865 ¹	441,786

1 The amount of EUR 474,865 includes EUR 413,520 and EUR 59,000 as sources of funds, increased by bank interest of EUR 2,345.

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)

SUMMARY OF FUNDS AND EXPENDITURES 31 December 2021 (continued) (Expressed in EUR)

	note	31 December 2021	31 December 2020
FUNDS AND LIABILITIES (continued)			
1. Funds (continued)			
NDI		5,401	-
ORF/GIZ (RCDN)		-	146,281
ORF/GIZ (RCDN II)		103,704	49,493
ORF/GIZ (RCDN 2021-2022)		189,654	-
GIZ (SoRi Phase II)		435,980	228,967
GIZ (CEE-SEE)		28,083	9,947
GIZ (Services for Minorities -BLP)		54,417	-
UN Women		34,459	34,291
WBI (WB Austria Urb. Partnership Progr. II)		8,139	-
PLGP (USAID Albania)		-	6,924
SDC Albania (One Voice of Municipalities)		33,500	-
LoGoV		(610)	1,134
PLATFORMA		6,211	(1,957)
PLATFORMA SGA 3		-	-
EU for Municipalities		1,078,702	-
L2BR		136,802	-
Total Funds		3,644,777	1,838,736
2. Currency exchange gains, net			
Currency exchange gains, net	7	32,947	-
Total Currency exchange gains, net		32,947	-
3. Advances			
Advances received	6	-	83
Total Advances		-	83
TOTAL FUNDS AND LIABILITIES		3,677,724	1,838,819

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

STATEMENT OF CASH BALANCES, FUNDS AND LIABILITIES as of 31 December 2021 (Expressed in EUR)

	note	31 December 2021	31 December 2020
CASH BALANCES			
1. Cash and bank balances			
Cash and bank balances		2,446,831	927,142
Total Cash and bank balances		2,446,830	927,142
2. Advances			
Advances given	6	345,946	105,348
Total Advances		345,946	105,348
		2,792,777	1,032,490
TOTAL CASH BALANCES			
FUNDS AND LIABILITIES			
1. Outstanding fund balances			
SDC grant	4	983	1,701
Revolving Fund-SDC	5	882,784	632,551
Membership fee and other own sources		434,044	413,520
NDI		-	-
ORF/GIZ (RCDN II)		-	(60,233)
ORF/GIZ (RCDN 2021-2022)		85,921	-
GIZ (SoRi Phase II)		230,859	108,130
GIZ (CEE-SEE)		2,434	7,599
GIZ (Services for Minorities -BLP)		(273)	-
UN Women		4,181	7,056
WBI (WB Austria Urb. Partnership Progr. II)		-	(3,797)
SDC Albania (One Voice of Municipalities)		32,582	-
LoGov		(1,636)	(610)
PLATFORMA		(46,949)	(73,510)
PLATFORMA SGA 3		(11,429)	-
L2BR		129,162	-
EU for Municipalities		1,050,114	-
Total Funds		2,792,777	1,032,407
2. Liabilities			
Advances received	6	-	83
Total Liabilities		-	83
		2,792,777	1,032,490
TOTAL FUNDS AND LIABILITIES			

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. 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. NALAS address in Strasbourg is Maison Des Associations, place des Orphelins, 1a while the Branch Office address in Skopje is Varshavska 36A.

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.

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.

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

For the year ended 31 December 2021

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 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, 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 SEE, Support to NALAS 2018-2022 on 09 February 2018 and the Contribution Contract for Revolving Fund dated 01 October 2017.

This Statement includes all operational and task-related expenditures incurred for the period from 1 January 2021 to 31 December 2021.

3.2. Accounting Convention

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. The accounting policies have been applied consistently throughout the reporting periods. The accounting policy is in accordance with the requirements of the financiers - Swiss Agency for Development and Cooperation (SDC) and Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (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 EUR using the average middle exchange rate for the year 2021, 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 2021	31 December 2020
1 EUR	61.63 Denars	61.69 Denars
1 CHF	59.47 Denars	56.82 Denars
Average EUR	61.63 Denars	61.67 Denars
Average CHF	57.00 Denars	57.63 Denars

Network of Associations of Local Authorities of South East Europe (NALAS)
For the year ended 31 December 2021

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.

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 01 January 2021 to 31 December 2021 amounted to EUR 190,000 (01 January 2020 to 31 December 2020 amounted to EUR 240,000).

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. 81053731 1 January- 31 December 2021	Contract no. 81053731 1 January- 31 December 2020
PROJECT FUNDS		
Balance at beginning of year	1,701	25,899
Contribution during the year	190,000	240,000
TOTAL PROJECT FUNDS	191,701	265,899
PROJECT EXPENDITURES		
OPERATIONAL EXPENSES		
1. Personnel		
Personnel expenses	71,986	104,092
Total personnel expenses	71,986	104,092
2. Office		
Office	21,790	28,078
Total office expenses	21,790	28,078
Total operational expenses	93,776	132,170

Network of Associations of Local Authorities of South East Europe (NALAS)
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Notes to the special purpose financial statements (continued)
Swiss Agency for Development and Cooperation (SDC) Contribution (continued)

(all amounts in EUR)	Contract no. 81053731 1 January- 31 December 2021	Contract no. 81053731 1 January- 31 December 2020
TASK FORCES AND KNOWLEDGE CENTER		
1. Knowledge Center		
SO1. Sustainable Local Economic Development	2,840	6,153
SO2. Resilience, Migration, Disaster Risk Management, etc.	427	5,162
Running Knowledge Center	4,848	3,406
Network of National Knowledge Managers	67,416	57,832
Total Knowledge Center	75,531	72,553
2. Member Services		
E-learning	3,388	2,415
Quick response	-	-
Peer Review	-	-
Shadowing / Internship program	-	-
Total Member Services	3,388	2,415
3. Advisory Concilium		
Advisory Concilium	1,436	11,249
Total Advisory Concilium	1,436	11,249
4. Task Forces		
Task Forces	8,305	1,840
Total Task Forces	8,305	1,840
5. External and EU integration activities		
External and EU integration activities	1,273	1,550
Total External and EU integration activities	1,273	1,550
6. Statutory meeting		
General Assembly	2,930	27,494
LO Meetings	409	10,425
Executive Bureau meetings	-	-
Total Statutory meeting	3,339	37,919
7. Gender		
Gender	-	832
Total Gender	-	832
TOTAL TASK FORCES AND KNOWLEDGE CENTER	93,272	128,358
Audit fees	3,670	3,670
TOTAL EXPENDITURES	190,718	264,198
Currency exchange gains/loss	-	-
Balance at end of year	983	1,701

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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.

The Contribution received for this Contract, for the period from 1 January 2021 to 31 December 2021, is amounted to CHF 250,000 i.e. EUR 231,219 (contribution for the period 01 January 2020 to 31 December 2020 amounted to CHF 250,000 i.e. EUR 233,623).

Two EU funded projects have been obtained in 2018, "PLATFORMA (SGA 2)" with the Council of European Municipalities and Regions (CEMR) funded by Directorate-General for International Cooperation and Development of European Union (DEVCO) and "Local Government in an Era of Metropolitan Growth- LOGOV" with Accademia Europea Di Bolzano (EURAC), funded through HORIZON 2020 - Marie Skłodowska-Curie Research and Innovation Staff Exchange Programme (RISE). Implementation of these projects and henceforth utilization of the Revolving Fund for the required co-financing and pre-financing started as of 2019.

In 2021, NALAS as a Lead Partner, started the implementation of a new EU funded project titled "EU for Municipalities" funded under the EuropeAid/166359/DD/ACT/AL call for proposals. This project also requested the utilization of the Revolving Fund.

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 2021:

(all amounts in EUR)		Total 2021	Total 2020
SOURCES OF FUNDS			
	Balance at beginning of year	632,551	422,348
	Instalments	231,218	233,623
Total Sources of funds		863,769	655,971
EXPENDITURES			
	Office expenses (bank fees)	10	6
	PLATFORMA co-financing	12,166	18,951
	LoGoV co-financing	-	692
	EU for Municipalities co-financing	1,684	-
Total expenditures		13,860	19,649
Currency exchange gains/(loss)		32,875	(3,771)
Surplus of funds over expenditures		882,784	632,551
Funds used for pre-financing expenditures			
	PLATFORMA	135,991	82,831
	LoGoV	5,444	4,418
Total funds used for pre-financing		141,435	87,249
Funds reimbursed for pre-financed expenditures			
	PLATFORMA	(89,042)	(9,321)
Total funds reimbursed for pre-financed expenditures		(89,042)	(9,321)

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

(all amounts in EUR)	Total 2021	Total 2020
Advances		
Advance from PLATFORMA (given)/received	-	83
Total funds used for advance payment	-	83
Revolving Fund funds committed for co-financing		
EU for Municipalities co-financing part	(1,684)	-
Total funds Revolving Fund funds committed for co-financing	(1,684)	-
Revolving Fund bank interest		
Bank interest	(16)	-
Funds on bank accounts as of 31 December 2021	(16)	-
Bank account in CHF	773,421	554,455
Bank account in EUR	58,670	251
Total Funds on bank accounts	832,091	554,706

PLATFORMA pre-financing expenditures in amount of EUR 135,991 include EUR 53,160 used for pre-financing of expenditures in year 2021 and EUR 82,831 in previous years.

LoGov pre-financing expenditures in amount of EUR 5,444 include EUR 1,026 used for pre-financing of expenditures in year 2021 and EUR 4,418 in previous years.

Funds received for pre-financed expenditures for PLATFORMA in amount of EUR 89,042 include EUR 79,721 received in year 2021 and EUR 9,321 received in year 2020.

6. Advances

As of 31 December 2021, NALAS has disbursed total net funds of EUR 345,946 (2020: EUR 105,265) 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 32,947 (2020: net foreign exchange losses in the amount of EUR 4,022) consist of foreign exchange gains in the amount of EUR 32,875 (2020: foreign exchange losses in the amount of EUR 3,771) resulting from translating the SDC revolving fund from CHF to EUR and the foreign exchange gains in the amount of EUR 72 (2020: foreign exchange losses in the amount of EUR 251) resulting from translating the Macedonian Denars to EUR for reporting purposes.

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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 Republic of North Macedonia. During the year 2021, the amount of EUR 2,345 was received as bank interest from ProCredit Bank in Republic of North Macedonia. In 2020, the amount received as bank interest was EUR 2,923 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, project financed by foreign donators and IPA funds are exempted from VAT and have no obligation to calculate and express VAT.