

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

Financial Statements for the year ended
31 December 2012

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GENERAL INFORMATION

Management

Kelmend Zajazi
Executive Director

Registered office

Partizanski Odredi 42/7,
1000 Skopje
Macedonia

Bankers

Prokredit Bank AD Skopje,
Jane Sandanski no.109a
1000 Skopje
Macedonia

Societe Generale
Strasbourg
France

Auditors

PricewaterhouseCoopers Revizija d.o.o. Skopje
16, 8th September Blvd.
Hyperium Business Center, 2nd floor I,
1000 Skopje,
Macedonia



Independent Auditor's Report

To: Network of Associations of Local Authorities in South- East Europe (NALAS),
Attn. Executive Director
Kelmend Zajazi
bul. Partizanski Odredi 42/7, 1000 Skopje, Republic of Macedonia

Report on the project financial statements

We have audited the accompanying special purpose financial statements of the "Network of Associations of Local Authorities in South- East Europe" (NALAS), which comprise of Summary of Funds and Expenditures as at 31 December 2012 and Statement of Sources and Uses of Funds and Statement of Expenditures for the year ended 31 December 2012 and a summary of significant accounting policies and other explanatory notes. The special purpose financial statements have been prepared by management of NALAS in accordance with the cash receipts and disbursement basis as described in Note 3.2.

Management's responsibility for the financial statements

The management of the NALAS is responsible for the preparation and fair presentation of these special purpose financial statements in accordance with the cash receipts and disbursement basis as described in Note 3.2, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as management determines it necessary to enable the preparation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purpose financial statements.



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

Opinion

In our opinion, the accompanying special purpose financial statements presents fairly in all material respects the financial position of NALAS as of 31 December 2012 and its sources and uses of funds and expenditure details for the year than ended, in accordance with the cash receipts and disbursements basis as described in Note 3.2.

Basis on accounting

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

PricewaterhouseCoopers Revizija DOO
PricewaterhouseCoopers Revizija DOO Skopje

March 13, 2013
Skopje

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

STATEMENT OF SOURCES AND USES OF FUNDS

For the year 31 December 2012
(Expressed in EUR)

	note	SDC grant	GIZ grant	NEXPO	UNDP	ORF	WB	Membership fee /other contributions (COE+Moody's)	Total 2012	Total 2011
SOURCES OF FUNDS										
Balance on beginning of year 2012		(5,531)	96,550	-	19,873	-	-	52,838	163,730	142,682
Currency exchange gains from prior year*		(1)	-	-	154	-	-	-	153	-
Transfers for reserve fund and others		-	-	-	-	-	-	-	-	-
NEXPO transfer from 2010		-	-	-	-	-	-	-	-	-
Balance on beginning of year, net		(5,532)	96,550	-	20,027	-	-	52,838	163,883	142,682
Membership fee		-	-	-	-	-	-	12,000	12,000	14,845
Grants from SDC	4	222,854	-	-	-	-	-	-	222,854	245,222
Grants from SDC-audit	4	5,999	-	-	-	-	-	-	5,999	4,025
Grants from GIZ	5	-	206,311	-	-	-	-	-	206,311	180,000
Other own sources/contributions		-	-	-	-	-	-	-	-	1,485
WB		-	-	-	-	-	8,220	-	8,220	-
NEXPO		-	-	-	-	-	-	-	-	85,227
UNDP ("Think Globally, Develop Locally" Project)		-	-	-	93,372	-	-	-	93,372	62,239
ORF (CALM Project SW Cost estimation)		-	-	-	-	110,000	-	-	110,000	-
CoE		-	-	-	-	-	-	9,978	9,978	-
SCTM (CLA II Project)		-	-	-	-	-	-	-	-	960
AKM ("Municipal Landfill Management" Project)		-	-	-	-	-	-	-	-	-
TOTAL SOURCES OF FUNDS		223,321	302,861	-	113,399	110,000	8,220	74,816	832,617	751,017

*Note: The currency exchange gains from prior years result from the different exchange rates that were used in 2011 for reporting purposes and the exchange rates used in the Financial Statements for 2012.

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

STATEMENT OF SOURCES AND USES OF FUNDS
For the year 31 December 2012
(Expressed in EUR)

	note	SDC grant	GIZ grant	NEXPO	UNDP	ORF	WB	Membership fee /other contributions (COE+Moody's)	Total 2012	Total 2011
STRUCTURAL EXPENSES										
Personnel		54,326	57,758	-	-	-	-	-	112,084	120,524
Office expenditures		25,775	16,472	-	-	-	-	420	42,667	44,616
Statutory meetings		47,118	28,862	-	-	-	-	-	75,980	75,123
External relations		3,845	4,778	-	-	-	-	-	8,623	18,313
Total structural expenses		131,064	107,870	-	-	-	-	420	239,354	258,576
TASK FORCES AND KNOWLEDGE CENTER										
Task Force on Fiscal Decentralisation		5,131	56,588	-	-	-	-	11,529	73,248	20,205
Task Force on Urban Planning		199	1,480	-	-	-	-	-	1,679	12,507
Task Force on Association Development		21,644	44,093	-	-	-	-	-	65,737	121,737
Task Force on Solid Waste Management		290	4,901	-	-	-	-	-	5,191	8,186
Task Force on Energy Efficiency		1,247	12,386	-	-	-	-	-	13,633	13,499
Task Force on Sustainable Tourism		10,742	3,578	-	-	-	-	-	14,320	2,333
Knowledge Center		73,734	5,334	-	-	-	-	-	79,068	88,532
Total task forces and knowledge center		112,987	128,360	-	-	-	-	11,529	252,876	266,999
"Think Globally, Develop Locally" Project		-	-	-	106,939	-	-	-	106,939	43,108
CALM Project SW Cost estimation WB		-	-	-	-	32,028	-	-	32,028	-
Audit fees for 2012 (2011)		5,999	-	-	-	-	6,568	-	6,568	-
CLA II Project		-	-	-	-	-	-	-	5,999	4,025
"Municipal Landfill Management" Project		-	-	-	-	-	-	-	-	960
		-	-	-	-	-	-	-	-	6,628
TOTAL EXPENDITURES		250,050	236,230	-	106,939	32,028	6,568	11,949	643,764	580,296

The accompanying notes form an integral part of the NALAS Statement

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

STATEMENT OF SOURCES AND USES OF FUNDS

For the year 31 December 2012

(Expressed in EUR)

	note	SDC grant	GIZ grant	NEXPO	UNDP	ORF	WB	Membership fee /other contributions (COE+Moody's)	Total 2012	Total 2011
Bank charges/interest for bank account in Strasbourg		-	-	-	-	-	-	(60)	(60)	18
Currency exchange gains/loss	7	-	-	-	(195)	-	-	106	(89)	695
Surplus of funds over expenditures		(26,729)	66,631	-	6,265	77,972	1,652	62,913	188,704	171,434
Advances given										
Savings returned grant funds to AKM	6	(171)	(572)	-	-	(16,627)	-	-	(17,370)	(4,588)
Cash available from surplus of funds over expenditures		(26,900)	66,059	-	6,265	61,345	1,652	62,913	171,334	159,142

Cash available from surplus of funds over expenditures

is represented by:

Bank account

Petty cash account

Total cash available

167,597

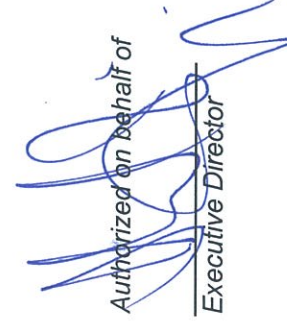
156,294

3,737

2,848

171,334

159,142


Authorized on behalf of
Executive Director

Date: 13. March 2013

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

STATEMENT OF EXPENDITURE DETAILS

For the year ended 31 December 2012
(Expressed in EUR)

	note	SDC grant	GIZ grant	NEXPO	UNDP	ORF	WB	Membership fee /other contributions (COE+Moody's)	Total 2012	Total 2011
STRUCTURAL EXPENSES										
1. Personnel										
Executive director		29,893	-	-	-	-	-	-	29,893	29,887
IT/Knowledge center manager		14,772	-	-	-	-	-	-	14,772	22,779
Program officer 1		-	20,604	-	-	-	-	-	20,604	20,604
Program officer 2		-	25,826	-	-	-	-	-	25,826	25,104
Administration officer		9,661	-	-	-	-	-	-	9,661	9,660
Financial officer		-	11,083	-	-	-	-	-	11,083	10,890
Staff development		-	245	-	-	-	-	-	245	1,600
Total personnel expenses		54,326	57,758	-	-	-	-	-	112,084	120,524
2. Office expenditures										
Operational expenses		25,775	16,472	-	-	-	-	420	42,667	44,616
Total office expenditures		25,775	16,472	-	-	-	-	420	42,667	44,616
3. Statutory meetings										
General assembly		38,398	9,630	-	-	-	-	-	48,028	53,560
CLO meetings		8,424	13,332	-	-	-	-	-	21,756	21,563
Executive bureau meetings		296	5,900	-	-	-	-	-	6,196	-
Total expenses for statutory meetings		47,118	28,862	-	-	-	-	-	75,980	75,123
4. External relations										
External relations		3,845	4,778	-	-	-	-	-	8,623	18,313
Total external relations		3,845	4,778	-	-	-	-	-	8,623	18,313
TOTAL STRUCTURAL EXPENSES		131,064	107,870	-	-	-	-	420	239,354	258,576

The accompanying notes form an integral part of the NALAS Statement

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

STATEMENT OF EXPENDITURE DETAILS

For the year ended 31 December 2012
(Expressed in EUR)

	note	SDC grant	GIZ grant	NEXPO	UNDP	ORF	WB	Membership fee /other contributions (COE+Moody's)	Total 2012	Total 2011
TASK FORCES AND KNOWLEDGE CENTER										
1. Task Force on Fiscal Decentralisation										
Ordinary meetings		1,009	14,144	-	-	-	-	54	15,207	17,998
Final conference		3,345	41,578	-	-	-	-	11,475	56,398	-
Experts and consultants		777	-	-	-	-	-	-	777	2,207
Outputs		-	866	-	-	-	-	-	866	-
Total task force on fiscal decentralisation		5,131	56,588	-	-	-	-	11,529	73,248	20,205
2. Task Force on Urban Planning										
Ordinary meetings		199	1,480	-	-	-	-	-	1,679	12,507
Final conference		-	-	-	-	-	-	-	-	-
Experts and consultants		-	-	-	-	-	-	-	-	-
Outputs		-	-	-	-	-	-	-	-	-
Total task force on urban planning		199	1,480	-	-	-	-	-	1,679	12,507
3. Task Force on Association Development										
Ordinary meetings		3,628	10,793	-	-	-	-	-	14,421	16,273
Quick response		7,362	652	-	-	-	-	-	8,014	12,491
Shadowing/Intership		-	6,692	-	-	-	-	-	6,692	5,516
Meetings of MA's staff		-	-	-	-	-	-	-	-	467
Meetings of presidents of LGAs		9,982	18,866	-	-	-	-	-	28,848	-
Other initiatives		-	-	-	-	-	-	-	-	557
NEXPO		224	2,406	-	-	-	-	-	2,630	86,433
Strategic planning		448	4,684	-	-	-	-	-	5,132	-
Total task force on association development		21,644	44,093	-	-	-	-	-	65,737	121,737

The accompanying notes form an integral part of the NALAS Statement

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

STATEMENT OF EXPENDITURE DETAILS (Continued)
For the year ended 31 December 2012
(Expressed in EUR)

	note	SDC grant	GIZ grant	NEXPO	UNDP	ORF	WB	Membership fee /other contributions (COE+Moody's)	Total 2012	Total 2011
4. Task Force on Solid Waste Management										
Ordinary meetings		290	4,901	-	-	-	-	-	5,191	8,186
Final conference		-	-	-	-	-	-	-	-	-
Experts and consultants		-	-	-	-	-	-	-	-	-
Outputs		-	-	-	-	-	-	-	-	-
Total task force on solid waste management		290	4,901	-	-	-	-	-	5,191	8,186
5. Task Force on Energy Efficiency										
Ordinary meetings		1,247	12,386	-	-	-	-	-	13,633	13,499
Final conference		-	-	-	-	-	-	-	-	-
Experts and consultants		-	-	-	-	-	-	-	-	-
Outputs		-	-	-	-	-	-	-	-	-
Total task force on energy efficiency		1,247	12,386	-	-	-	-	-	13,633	13,499
6. Task Force on Sustainable Tourism										
Ordinary meetings		10,742	3,578	-	-	-	-	-	14,320	2,333
Final conference		-	-	-	-	-	-	-	-	-
Experts and consultants		-	-	-	-	-	-	-	-	-
Outputs		-	-	-	-	-	-	-	-	-
Total task force on sustainable Tourism		10,742	3,578	-	-	-	-	-	14,320	2,333

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

STATEMENT OF EXPENDITURE DETAILS (Continued)
For the year ended 31 December 2012
(Expressed in EUR)

	note	SDC grant	GIZ grant	NEXPO	UNDP	ORF	WB	Membership fee /other contributions (COE+Moody's)	Total 2012	Total 2011
7. Knowledge Center										
KNC establishment	-	-	-	-	-	-	-	-	-	-
Expert and content resource	2,836	2,696	-	-	-	-	-	-	5,532	4,597
Running KNC	347	2,638	-	-	-	-	-	-	2,985	1,641
National knowledge management	70,551	-	-	-	-	-	-	-	70,551	82,294
Total knowledge center	73,734	5,334	-	-	-	-	-	-	79,068	88,532
TOTAL TASK FORCES AND KNOWLEDGE CENTER										
		112,987	128,360	-	-	-	-	11,529	252,876	266,999
"Think Globally, Develop Locally" Project	-	-	-	-	106,939	-	-	-	106,939	43,108
CALM Project SW Cost estimation	-	-	-	-	-	32,028	-	-	32,028	-
WB	-	-	-	-	-	-	6,568	-	6,568	-
Audit fees for 2012	5,999	-	-	-	-	-	-	-	5,999	4,025
CLA II Project	-	-	-	-	-	-	-	-	-	960
"Municipal Landfill Management" Project	-	-	-	-	-	-	-	-	-	6,628
TOTAL EXPENDITURES		250,050	236,230	-	106,939	32,028	6,568	11,949	643,764	580,296

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

SUMMARY OF FUNDS AND EXPENDITURES

31 December 2012

(Expressed in EUR)

	note	31 December 2012**	31 December 2011*
ASSETS			
1. Expenditures			
SDC grant	4	250,050	268,760
GIZ grant	5	236,230	172,928
OSI/LGI projects		-	-
UNDP projects		107,134	42,366
Membership fee and other own sources		12,009	662
NEXPO		-	87,297
Other projects		38,596	15,292
Total expenditures		644,019	587,305
2. Advances			
Advances	6	17,370	4,588
Total Advances		17,370	4,588
3. Cash and bank balances			
Cash and bank balances		171,334	159,142
Total cash and bank balances		171,334	159,142
TOTAL ASSETS		832,723	751,035
LIABILITIES			
1. Funds			
SDC grant	4	223,321	263,229
GIZ grant	5	302,861	269,478
OSI/LGI projects		-	-
UNDP projects		113,399	62,239
Membership fee and other own sources		74,922	53,500
NEXPO		-	87,297
Other projects		118,220	15,292
Total expenditures		832,723	751,035
2. VAT Refund			
VAT Refund		-	-
Total Advances		-	-
TOTAL LIABILITIES		832,723	751,035

***Note:** The amount of 587,305 includes the returned amount to AKM of EUR 7,704 and the foreign exchange gains and losses EUR 695.

****Note:** In the amounts related to membership fee and other own sources the Bank charges in amount of EUR 60 are included in the expenditures and the Currency exchange gains in amount of EUR 106 are included in funds. Also, in the UNDP project expenditures the currency exchange losses in amount of 195 are included.

1. General information

NALAS is a network of associations of local authorities of South East Europe created 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 Alsatian Law in Strasbourg, France. 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.

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.

As of 10 October 2007, NALAS was officially registered as branch office of foreign NGO and operate only through a non-resident account.

2. Objectives of NALAS

The overall goal of the association is to support the democratization and decentralization process in South East Europe in accordance with the principles of the European Charter of Local Self- Government.

NALAS should further the process of democratization and decentralization in South-East Europe and should develop partnerships between associations of local authorities in South-East Europe in order to promote stability and security, thereby assisting the process of European integration and European Union enlargement for the benefit of the countries in the region.

NALAS activities are guided by the NALAS Strategic Plan for the period 2009 - 2012. The overall objective is to stimulate the exchange of information and experiences among NALAS members, and to disseminate and promote the results of the NALAS activities.

NALAS is a first rate Knowledge Center representing one of the most reliable sources of information and expertise on local self-government issues in South-East Europe.

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

- Strengthening of local governments to provide better services for citizens primarily in the areas of: fiscal autonomy / decentralization, urban development capacity, water and waste management, energy efficiency, EU legislation;
- Strengthening of role of member Local Government Associations (LGAs) in the decentralization process;
- Positioning of NALAS as a viable representative of SEE LGAs and Local Governments (LGs) within the European and broader international scene;
- Institutional and financial consolidation of NALAS in the areas of: networking and knowledge generation, functioning of the NALAS Secretariat, intercommunication between NALAS Secretariat and each LGA, financial sustainability of the NALAS network.

3. Basis for preparation of NALAS accounts

3.1. General

The accompanying Statement of Sources and Uses of Funds, Statement of Expenditures and Summary of Funds and Expenditures has been prepared for the purposes of reporting to the Swiss Agency for Development and Cooperation and 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 Development "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 2011 to 31 December 2012.

3.2. Accounting Convention

The policy of the Association is to prepare the statement on a cash receipts and disbursements basis. On this basis revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred. The accounting policies have been applied consistently throughout the reporting period. The accounting policy is in accordance with the requirements of the main financiers - Swiss Agency for Development and Cooperation (SDC) and GIZ.

3.3. Reporting Currency

The Project statement is prepared in EUR as this is the reporting currency of the Association.

The cash transactions executed during the year denominated in Macedonian Denars are translated into Euros using the average exchange rate for the year 2012, published by the National Bank of the Republic of Macedonia which was 1 EUR = MKD 61.52. The year end cash balance is translated at the official period end exchange rate published by the National Bank of the Republic of Macedonia, which on 31 December 2012 was 1 EUR = MKD 61.50.

The cash transactions executed during the year denominated in US Dollars are translated into Euros using the average exchange rate for the dates when payments occurred, published by the National Bank of the Republic of Macedonia. The average exchange rates which are used are: 1 USD = MKD 48.09 and 1 EUR = MKD 61.52 (i.e. 1 EUR = USD 1.28). The year end cash balance is translated at the official period end exchange rates published by the National Bank of the Republic of Macedonia, which on 31 December 2012 were 1 USD = MKD 45.651 and 1 EUR = MKD 61.50 (i.e. 1 EUR = USD 1.32).

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

The Swiss Agency for Development and Cooperation (SDC) supported NALAS from its establishment to present. At the beginning, the contributions were intended mainly for speeding up the decentralization reforms and providing policy advice and legislative expertise. Subsequently, with the registration of the Secretariat office in Skopje, SDC decided to provide long-term funding to NALAS and due to the good experience to continue the support beyond. During 2012, NALAS received contributions from SDC in accordance with the Agreement for granting of contribution to the Project Local Democracy and Regional Integration in South – Eastern Europe – Support to NALAS for the period from 1 August 2009 to 31 December 2012 in total of CHF 1,088,500. The contribution for the period 1 January 2012 to 31 December 2012 amounted to MKD 14,079,048 i.e. EUR 228,853 (MKD 13,710,000 i.e. EUR 222,854 as regular contribution and MKD 369,028 i.e. EUR 5,999 as contribution for covering the audit costs) and for the period 1 January 2011 to 31 December 2011 amounted to MKD 16,196,492 i.e. EUR 263,229.

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

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

	1 January – 31 December 2012	1 January – 31 December 2011
PROJECT FUNDS	223,321	263,229
PROJECT EXPENDITURES		
STRUCTURAL EXPENSES		
1. Personnel		
Executive director	29,893	29,887
IT/Knowledge center manager	14,772	22,779
Program officer 1	-	-
Program officer 2	-	-
Administration officer	9,661	9,660
Financial officer	-	-
Staff development	-	710
Total personnel expenses	54,326	63,036
2. Office expenditures		
Operational expenses	25,775	18,050
Total office expenditures	25,775	18,050
3. Statutory meetings		
General assembly	38,398	27,403
CLO meetings	8,424	9,772
Executive bureau meetings	296	-
Total expenses for statutory meetings	47,118	37,175
4. External relations		
External relations	3,845	10,714
Total external relations	3,845	10,714
Total structural expenses	131,064	128,975

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

	1 January – 31 December 2012	1 January – 31 December 2011
TASK FORCES AND KNOWLEDGE CENTER		
1. Task Force on Fiscal Decentralisation		
Ordinary meetings	1,009	6,624
Final conference	3,345	-
Experts and consultants	777	2,207
Outputs	-	-
Total task force on fiscal decentralisation	5,131	8,831
2. Task Force on Urban Planning		
Ordinary meetings	199	3,877
Final conference	-	-
Experts and consultants	-	-
Outputs	-	-
Total task force on urban planning	199	3,877
3. Task Force on Association Development		
Ordinary meetings	3,628	7,845
Quick response	7,362	11,840
Shadowing/Internship	-	2,430
Meetings of MA's staff	-	430
Meetings of presidents of LGAs	9,982	-
Other initiatives	-	557
NEXPO	224	-
Strategic planning	448	-
Total task force on association development	21,644	23,102
4. Task Force on Solid Waste Management		
Ordinary meetings	290	4,889
Final conference	-	-
Experts and consultants	-	-
Outputs	-	-
Total task force on solid waste management	290	4,889
5. Task Force on Energy Efficiency		
Ordinary meetings	1,247	8,903
Final conference	-	-
Experts and consultants	-	-
Outputs	-	-
Total task force on energy efficiency	1,247	8,903

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

	1 January – 31 December 2012	1 January – 31 December 2011
6. Task Force on Sustainable Tourism		
Ordinary meetings	10,742	1,887
Final conference	-	-
Experts and consultants	-	-
Outputs	-	-
Total task force on energy efficiency	10,742	1,887
7. Knowledge Center		
KNC establishment	-	-
Expert and content resource	2,836	1,914
Running KNC	347	63
National knowledge management	70,551	82,294
Total knowledge center	73,734	84,271
Total task forces and knowledge center	112,987	135,760
Audit fees for 2011	5,999	4,025
TOTAL EXPENDITURES	250,050	268,760

5. GIZ Contribution

During 2012, NALAS received contributions from GIZ in accordance with the Agreement No: 81124255, for granting of contribution to the Project Institutional development "Network of Associations of Local Authorities of South-East Europe (NALAS)", for the period from 1 April 2010 to 31 December 2012, in total of EUR 600,000. The contribution for the period 1 January 2012 to 31 December 2012 amounted to EUR 206,311.

During 2011, NALAS received contributions from GIZ amounted to EUR 269,478, in accordance with the Agreement No: 81124255.

	1 January – 31 December 2012	1 January- 31 December 2011
PROJECT FUNDS	302,861	269,478
PROJECT EXPENDITURES		
STRUCTURAL EXPENSES		
1. Personnel		
Executive director	-	-
IT/Knowledge center manager	-	-
Program officer 1	20,604	20,604
Program officer 2	25,826	25,104
Administration officer	-	-
Financial officer	11,083	10,890
Staff development	245	890
Total personnel expenses	57,758	57,488
2. Office expenditures		
Operational expenses	16,472	25,537
Total office expenditures	16,472	25,537
3. Statutory meetings		
General assembly	9,630	26,157
CLO meetings	13,332	11,791
Executive bureau meetings	5,900	-
Total expenses for statutory meetings	28,862	37,948
4. External relations		
External relations	4,778	7,599
Total external relations	4,778	7,599
Total structural expenses	107,870	128,572

5. GIZ Contribution (continued)

	1 January – 31 December 2012	1 April – 31 December 2011
TASK FORCES AND KNOWLEDGE CENTER		
1. Task Force on Fiscal Decentralisation		
Ordinary meetings	14,144	11,374
Final conference	41,578	-
Experts and consultants	-	-
Outputs	866	-
Total task force on fiscal decentralisation	56,588	11,374
2. Task Force on Urban Planning		
Ordinary meetings	1,480	8,630
Final conference	-	-
Experts and consultants	-	-
Outputs	-	-
Total task force on urban planning	1,480	8,630
3. Task Force on Association Development		
Ordinary meetings	10,793	8,428
Quick response	652	651
Shadowing/Internship	6,692	2,636
Meetings of MA's staff	-	37
Meetings of presidents of LGAs	18,866	-
Other initiatives	-	-
NEXPO	2,406	-
Strategic planning	4,684	-
Total task force on association development	44,093	11,752
4. Task Force on Solid Waste Management		
Ordinary meetings	4,901	3,297
Final conference	-	-
Experts and consultants	-	-
Outputs	-	-
Total task force on solid waste management	4,901	3,297
5. Task Force on Energy Efficiency		
Ordinary meetings	12,386	4,596
Final conference	-	-
Experts and consultants	-	-
Outputs	-	-
Total task force on energy efficiency	12,386	4,596
6. Task Force on Sustainable Tourism		
Ordinary meetings	3,578	446
Final conference	-	-
Experts and consultants	-	-
Outputs	-	-
Total task force on energy efficiency	3,578	446

5. GIZ Contribution (continued)

	1 January – 31 December 2012	1 April – 31 December 2011
7. Knowledge Center		
KNC establishment	-	-
Expert and content resource	2,696	2,683
Running KNC	2,638	1,578
National knowledge management	-	-
Total knowledge center	5,334	4,261
Total task forces and knowledge center	128,360	44,356
TOTAL EXPENDITURES	236,230	172,928
VAT Tax return	-	-
Savings returned grant funds to GIZ	-	-

6. Advances given

As of 31 December 2012, NALAS has disbursed funds as advances to member and third parties amount of EUR 17,370. During 2013, the advances were subsequently reimbursed.

7. Currency exchange loss/gain

The amount of EUR 89 represents foreign exchange loss resulting from the use of the average exchange rate for the year 2012 published by the National Bank of the Republic of Macedonia (the reporting rate) and the actual exchange rates at the transaction date used at the date of the bank transfers.

8. VAT Recoverable

Due to the Government Instruction for Implementation of the Exemption of VAT from 29 December 2009, effective from 1 January 2010, the total amount of 7,678 EURO of VAT was exempted from the local tax authorities (2,847 euro for SDC grant and 4,689 EUR for GIZ grant and 142 EUR for CALM Project SW Cost estimation).