

Special purpose financial statements and Independent Auditor's Report

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

31 December 2020



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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

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

Independent Auditor's Report

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To the Management of

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

We have audited the accompanying special purpose financial statements of the Network of Associations of Local Authorities in South-East Europe ("NALAS" or "the Association"), which comprise the Summary of funds and expenditures as at 31 December 2020 and the Statement of sources and uses of funds and Statement of expenditures details for the year then ended and a summary of significant accounting policies and other explanatory information. The special purpose financial statements have been prepared by management of NALAS in accordance with the cash receipts and disbursement basis of accounting as described in Note 3.

Management's responsibility for the special purpose financial statements

Management is responsible for the preparation and fair presentation of these special purpose financial statements in accordance with the cash receipts and disbursements basis of accounting as described in Note 3, for determining that the basis of preparation of the special purpose financial statements is acceptable in the circumstances and for such internal control as management determines it necessary to enable the preparation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with Auditing Standards accepted in 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 of material misstatements.

An audit involves performing procedure to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the special purpose financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the special purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purpose financial statements.

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

Opinion

In our opinion, the accompanying special purpose financial statements present fairly in all material respects the financial position of NALAS as of 31 December 2020 and its sources and uses of funds and expenditure details for the year then ended, in accordance with the cash receipts and disbursements basis as described in Note 3.

¹International Standards on Auditing ("ISA") issued by the International Auditing and Assurance Standards Board ("IAASB"), effective from 15 December 2009, translated and published in the "Official Gazette" of the Republic of Macedonia no. 79 from 2010.

Basis of accounting

Without modifying our opinion, we draw attention to Note 3 to the special purpose financial statements, which describe the basis of accounting. The special purpose financial statements are prepared to state the financial position and results of NALAS as per NALAS's requirements. As a result, the financial statements may not be suitable for another purpose.


Suzana Stavrik
Director
Grant Thornton DOO, Skopje

Suzana Stavrik
Certified auditor

Skopje, 29 March 2021

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

STATEMENT OF SOURCES AND USES OF FUNDS

For the year 31 December 2020

(Expressed in EUR)

	note	SDC Grant	Other Projects	SDC Revolving Fund	Membership fee/other contributions	Total 2020	Total 2019
SOURCES OF FUNDS							
Balance at beginning of year		25,899	197,796	422,348	382,363	1,028,406	1,115,678
Membership fee		-	-	-	56,500	56,500	56,963
Other own revenues/contributions		-	-	-	-	-	-
Grants from SDC (2018-2022)	4	240,000	-	-	-	240,000	280,000
Grants form SDC-Revolving Fund	5	-	-	233,623	-	233,623	-
ORF (SoRi)		-	-	-	-	-	5,331
ORF/GIZ (RCDN)		-	56	-	-	56	141,826
ORF/GIZ (RCDN II)		-	49,493	-	-	49,493	-
ORF/GIZ (Business cases for improved waste coll.)		-	3,461	-	-	3,461	17,505
GIZ (SoRi Phase II)		-	168,568	-	-	168,568	62,400
GIZ (CEE-SEE)		-	9,947	-	-	9,947	-
UN Women		-	29,514	-	-	29,514	26,590
WBI (WB Austria Urb. Partnership Progr. II)		-	-	-	-	-	24,806
PLGP (USAID Albania)		-	6,924	-	-	6,924	-
EmBuild		-	-	-	-	-	8,036
PLATFORMA		-	9,321	-	-	9,321	-
LoGov		-	-	-	-	-	3,808
TOTAL SOURCES OF FUNDS		265,899	475,080	655,971	438,863	1,835,813	1,742,943
OPERATIONAL EXPENSES							
Personnel		104,092	-	-	-	104,092	104,594
Office Expenses		28,078	-	6	688	28,772	29,785
Total operational expenses		132,170	-	6	688	132,864	134,379

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 2020

(Expressed in EUR)

	<u>note</u>	<u>SDC Grant</u>	<u>Other Projects</u>	<u>SDC Revolving Fund</u>	<u>Membership fee/other contributions</u>	<u>Total 2020</u>	<u>Total 2019</u>
TASK FORCES AND KNOWLEDGE CENTER							
Knowledge Center		72,553	-	-	19,235	91,788	104,667
Member Services		2,415	-	-	-	2,415	5,547
Advisory Concilium		11,249	-	-	-	11,249	2,007
Task Forces		1,840	6,924	-	3,096	11,860	22,211
External and EU integration activities		1,550	-	-	-	1,550	10,896
Statutory meeting		37,919	-	-	-	37,919	22,536
Gender		832	-	-	-	832	1,370
Total task forces and knowledge center		128,358	6,924	-	22,331	157,613	169,234
GIZ (SoRi)		-	-	-	-	-	5,305
ORF (RCDN)		-	146,281	-	-	146,281	291,915
ORF (RCDN II)		-	109,726	-	5,011	114,737	-
ORF/GIZ (Business cases for improved waste coll.)		-	-	-	-	-	27,017
GIZ (SoRi Phase II)		-	120,837	-	-	120,837	2,001
GIZ (CEE/SEE)		-	2,348	-	-	2,348	-
UN Women		-	27,219	-	-	27,219	21,815
WBI (WB Austria Urb. Partnership Progr. II)		-	3,798	-	-	3,798	24,806
LoGoV	5	-	1,744	692	-	2,436	2,674
PLATFORMA	5	-	71,553	18,951	-	90,504	46,042
Audit fees		3,670	-	-	-	3,670	3,670
TOTAL EXPENDITURES		264,198	490,430	19,649	28,030	802,307	728,858

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

STATEMENT OF SOURCES AND USES OF FUNDS (continued) For the year 31 December 2020 (Expressed in EUR)

	note	SDC Grant	Other Projects	SDC Revolving Fund	Membership fee/other contributions	Total 2020	Total 2019
Bank interest	8	-	-	-	2,923	2,923	2,473
Currency exchange gains/(loss)	7	-	(15)	(3,771)	(236)	(4,022)	11,848
Surplus / (deficit) of funds over expenditures		1,701	(15,365)	632,551	413,520	1,032,407	1,028,406
Advances (given) / received	6	(549)	(104,701)	83	(98)	(105,265)	(46,813)
Cash available / (deficit) at end of year		1,152	(120,066)	632,634	413,422	927,142	981,593
Cash available at end of year consist of:							
Bank accounts						371,230	571,494
Bank accounts Revolving Fund						554,706	408,479
Petty cash						1,206	1,620
Total cash available at end of year						927,142	981,593

Authorized on behalf of

Kelmend Zajazi
Executive Director

Date: 29 March 2021

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

STATEMENT OF EXPENDITURE DETAILS

For the year ended 31 December 2020

(Expressed in EUR)

	<u>note</u>	<u>SDC Grant</u>	<u>Other Projects</u>	<u>SDC Revolving Fund</u>	<u>Membership fee/other contributions</u>	<u>Total 2020</u>	<u>Total 2019</u>
OPERATIONAL EXPENSES							
1. Personnel							
Personnel expenses		104,092	-	-	-	104,092	104,594
Total personnel expenses		104,092	-	-	-	104,092	104,594
2. Office							
Office		28,078	-	6	688	28,772	29,785
Total office expenses		28,078	-	6	688	28,772	29,785
Total operational expenses		132,170	-	6	688	132,864	134,379
TASK FORCES AND KNOWLEDGE CENTER							
1. Knowledge Center							
SO1. Sustainable Local Economic Development		6,153	-	-	-	6,153	13,506
SO2. Resilience, Migration, Disaster Risk Management, etc.		5,162	-	-	-	5,162	3,060
Running Knowledge Center		3,406	-	-	-	3,406	4,510
Network of National Knowledge Managers		57,832	-	-	19,235	77,067	83,591
Total Knowledge Center		72,553	-	-	19,235	91,788	104,667

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

STATEMENT OF EXPENDITURE DETAILS (continued)

For the year ended 31 December 2020

(Expressed in EUR)

	note	SDC Grant	Other Projects	SDC Revolving Fund	Membership fee/other contributions	Total 2020	Total 2019
2. Member Services							
E-learning		2,415	-	-	-	2,415	987
Quick response		-	-	-	-	-	1,033
Peer Review		-	-	-	-	-	347
Shadowing / Internship program		-	-	-	-	-	3,180
Total Member Services		2,415	-	-	-	2,415	5,547
3. Advisory Concilium							
Advisory Concilium		11,249	-	-	-	11,249	2,007
Total Advisory Concilium		11,249	-	-	-	11,249	2,007
4. Task Forces							
Task Forces		1,840	6,924	-	3,096	11,860	22,211
Total Task Forces		1,840	6,924	-	3,096	11,860	22,211
5. External and EU integration activities							
External and EU integration activities		1,550	-	-	-	1,550	10,896
Total External and EU integration activities		1,550	-	-	-	1,550	10,896
6. Statutory meetings							
General Assembly		27,494	-	-	-	27,494	12,215
LO Meetings		10,425	-	-	-	10,425	10,321
Executive Bureau meetings		-	-	-	-	-	-
Total Statutory meetings		37,919	-	-	-	37,919	22,536

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 2020

(Expressed in EUR)

	note	SDC Grant	Other Projects	SDC Revolving Fund	Membership fee/other contributions	Total 2020	Total 2019
7. Gender							
Gender		832	-	-	-	832	1,370
Total Gender		832	-	-	-	832	1,370
TOTAL TASK FORCES AND KNOWLEDGE CENTER		128,358	6,924	-	22,331	157,613	169,234
GIZ (SoRi)		-	-	-	-	-	5,305
ORF/GIZ (RCDN)		-	146,281	-	-	146,281	291,915
ORF/GIZ (RCDN II)		-	109,726	-	5,011	114,737	-
ORF/GIZ (Business cases for improved waste coll.)		-	-	-	-	-	27,017
GIZ (SoRi Phase II)		-	120,837	-	-	120,837	2,001
GIZ (CEE-SEE)		-	2,348	-	-	2,348	-
UN Women		-	27,219	-	-	27,219	21,815
WBI (WB Austria Urb. Partnership Progr. II)		-	3,798	-	-	3,798	24,806
LoGoV		-	1,744	692	-	2,436	2,674
PLATFORMA		-	71,553	18,951	-	90,504	46,042
Audit fees		3,670	-	-	-	3,670	3,670
TOTAL EXPENDITURES		264,198	490,430	19,649	28,030	802,307	728,858

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

SUMMARY OF FUNDS AND EXPENDITURES 31 December 2020 (Expressed in EUR)

	note	31 December 2020	31 December 2019
EXPENDITURES AND CASH BALANCES			
1. Expenditures			
SDC grant		264,198	306,577
Revolving Fund-SDC		19,649	34,764
Membership fee and other own sources		28,030	706
GIZ (SoRi)		-	5,305
ORF/GIZ (RCDN)		146,281	291,915
ORF/GIZ (RCDN II)		109,726	-
ORF/GIZ (Business cases for improved waste coll.)		-	27,017
GIZ (SoRi Phase II)		120,837	2,001
GIZ (CEE-SEE)		2,348	-
UN Women		27,219	21,815
WBI (WB Austria Urb. Partnership Progr. II)		3,798	24,806
PLGP (USAID Albania)		6,924	-
LoGov		1,744	2,674
PLATFROMA		71,553	11,278
Total expenditures		802,307	728,858
2. Currency exchange losses, net			
Currency exchange losses, net	7	4,022	-
Total Currency exchange losses, net		4,022	-
3. Advances			
Advances given	6	105,348	46,813
Total Advances		105,348	46,813
4. Cash and bank balances			
Cash and bank balances		927,142	981,593
Total cash and bank balances		927,142	981,593
TOTAL EXPENDITURES AND CASH BALANCES		1,838,819	1,757,264
FUNDS AND LIABILITIES			
1. Funds			
SDC grant		265,899	332,476
Revolving Fund-SDC		655,971	445,279
Membership fee and other own sources		441,786 ²	383,056
GIZ (SoRi)		-	5,305
ORF/GIZ (RCDN)		146,281	438,140
ORF/GIZ (RCDN II)		49,493	-

2 The amount of EUR 441,786 includes sources of funds of EUR 438,863 increased by bank interest of EUR 2,923
The accompanying notes from 1 to 9 form an integral part of the NALAS special purpose financial statements 9

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

SUMMARY OF FUNDS AND EXPENDITURES 31 December 2020 (continued) (Expressed in EUR)

	<u>note</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
FUNDS AND LIABILITIES (continued)			
1. Funds (continued)			
ORF/GIZ (Business cases for improved waste coll.)		-	23,556
GIZ (SoRi Phase II)		228,967	62,400
GIZ (CEE-SEE)		9,947	-
UN Women		34,291	26,590
WBI (WB Austria Urb. Partnership Progr. II)		-	24,806
PLGP (USAID Albania)		6,924	-
LoGoV		1,134	3,808
PLATFROMA		(1,957)	-
Total Funds		<u>1,838,736</u>	<u>1,745,416</u>
2. Currency exchange gains, net			
Currency exchange gains, net		-	11,848
Total Currency exchange gains, net		<u>-</u>	<u>11,848</u>
3. Advances			
Advances received	6	<u>83</u>	-
Total Advances		<u>83</u>	<u>-</u>
TOTAL FUNDS AND LIABILITIES		<u>1,838,819</u>	<u>1,757,264</u>

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

STATEMENT OF CASH BALANCES, FUNDS AND LIABILITIES as of 31 December 2020 (Expressed in EUR)

	note	31 December 2020	31 December 2019
CASH BALANCES			
1. Cash and bank balances			
Cash and bank balances		927,142	981,593
Total Cash and bank balances		927,142	981,593
2. Advances			
Advances given	6	105,348	46,813
Total Advances		105,348	46,813
TOTAL CASH BALANCES		1,032,490	1,028,406
FUNDS AND LIABILITIES			
1. Outstanding fund balances			
SDC grant	4	1,701	25,899
Revolving Fund-SDC	5	632,551	422,348
Membership fee and other own sources		413,520	382,363
GIZ (SoRi)		-	-
ORF/GIZ (RCDN)		-	146,225
ORF/GIZ (RCDN II)		(60,233)	-
ORF/GIZ (Business cases for improved waste coll.)		-	(3,461)
GIZ (SoRi Phase II)		108,130	60,399
GIZ (CEE-SEE)		7,599	-
UN Women		7,056	4,777
WBI (WB Austria Urb. Partnership Progr. II)		(3,797)	-
PLGP (USAID Albania)		-	-
LoGov		(610)	1,134
PLATFORMA		(73,510)	(11,278)
Total Funds		1,032,407	1,028,406
2. Liabilities			
Advances received	6	83	-
Total Liabilities		83	-
TOTAL FUNDS AND LIABILITIES		1,032,490	1,028,406

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 on 2005 formally registered based on the Alsacian Law in Strasbourg, France. In the period from July 2006 till its registration, NALAS operations have been managed through bank account in Societe General in Strasbourg and with the support by Swiss Embassy under coordination of the President and Executive Director of NALAS.

The NALAS Secretariat, which makes the executive capacity of NALAS, was registered as a branch office of NALAS under the Macedonian Law on 16 October 2007 and operates through a non-resident account. 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 support the application of the principles contained in the European Charter of Local Self-Government, the European Urban Charter II - Manifesto for a New Urbanity and the UN guidelines on decentralization at the Local Level. NALAS represents and protects its members’ interests and provides services to them.

NALAS operates as the Knowledge Centre and coordination platform on local government issues in South East Europe. NALAS strengthens the capacity of its members, local government associations, for the sake of better governance through the exchange of knowledge and experience and through local and regional activities such as pilot projects. NALAS also supports its members in their efforts to become viable representatives of local authorities who are up to negotiate with their national government and international organizations for the benefit of the citizens of the region.

NALAS support its members in building cross-border partnerships between local governments in South East Europe in order to contribute to a modern and efficient local self-government, increased democracy and stability in the region. Thereby, it also contributes to the process of EU integration.

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

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

Network of Associations of Local Authorities of South East Europe (NALAS)
For the year ended 31 December 2020

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 as well as GIZ ("the Donors") on the activities of the Association, related to funding received for the completion of the objectives as established with the Agreement on support of the Local Democracy and Regional Integration in SEE, Support to NALAS 2018-2022 and the Contribution Contract for Revolving Fund.

This Statement includes all operational and task-related expenditures incurred for the period from 1 January 2020 to 31 December 2020.

3.2. Accounting Convention

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

3.3. Reporting Currency

The special purpose financial statements are prepared in EUR as this is the reporting currency of the Association.

For the grants received in Macedonian Denars and CHF, the cash transactions executed during the year denominated in Macedonian Denars and CHF are translated into Euros using the average middle exchange rate for the year 2020, 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 2020	31 December 2019
1 EUR	61.69 Denars	61.49 Denars
1 CHF	56.82 Denars	56.56 Denars
Average EUR	61.67 Denars	61.51 Denars
Average CHF	57.63 Denars	55.29 Denars

Network of Associations of Local Authorities of South East Europe (NALAS)
For the year ended 31 December 2020

Notes to the special purpose financial statements (continued)

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

The Swiss Agency for Development and Cooperation (SDC) supported NALAS from its establishment to present with the objective to support the decentralization reforms. At the beginning, the contributions were channeled through the Congress of Local and Regional Authorities of the Council of Europe and facilitated the initial networking exchange among Local Government Associations in the post-Yugoslav wars context. Subsequently, with the registration of the Secretariat office in Skopje, SDC decided to provide long-term funding to NALAS and due to the good experience to further continue the support.

During 2020, 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 2020 to 31 December 2020 amounted to EUR 240,000 (01 January 2019 to 31 December 2019 amounted to EUR 280,000).

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 2020	Contract no. 81053731 1 January- 31 December 2019
PROJECT FUNDS		
Balance at beginning of year	25,899	52,476
Contribution during the year	240,000	280,000
TOTAL PROJECT FUNDS	265,899	332,476
PROJECT EXPENDITURES		
OPERATIONAL EXPENSES		
1. Personnel		
Personnel expenses	104,092	104,594
Total personnel expenses	104,092	104,594
2. Office		
Office	28,078	29,079
Total office expenses	28,078	29,079
Total operational expenses	132,170	133,673

Network of Associations of Local Authorities of South East Europe (NALAS)
For the year ended 31 December 2020

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 2020	Contract no. 81053731 1 January- 31 December 2019
TASK FORCES AND KNOWLEDGE CENTER		
1. Knowledge Center		
SO1. Sustainable Local Economic Development	6,153	13,506
SO2. Resilience, Migration, Disaster Risk Management, etc.	5,162	3,060
Running Knowledge Center	3,406	4,510
Network of National Knowledge Managers	57,832	83,591
Total Knowledge Center	72,553	104,667
2. Member Services		
E-learning	2,415	987
Quick response	-	1,033
Peer Review	-	347
Shadowing / Internship program	-	3,180
Total Member Services	2,415	5,547
3. Advisory Concilium		
Advisory Concilium	11,249	2,007
Total Advisory Concilium	11,249	2,007
4. Task Forces		
Task Forces	1,840	22,211
Total Task Forces	1,840	22,211
5. External and EU integration activities		
External and EU integration activities	1,550	10,896
Total External and EU integration activities	1,550	10,896
6. Statutory meeting		
General Assembly	27,494	12,215
LO Meetings	10,425	10,321
Executive Bureau meetings	-	-
Total Statutory meeting	37,919	22,536
7. Gender		
Gender	832	1,370
Total Gender	832	1,370
TOTAL TASK FORCES AND KNOWLEDGE CENTER	128,358	169,234
Audit fees	3,670	3,670
TOTAL EXPENDITURES	264,198	306,577
Currency exchange gains/loss	-	-
Balance at end of year	1,701	25,899

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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 2020 to 31 December 2020, is amounted to CHF 250,000 i.e. EUR 233,623 (For the period from 1 January 2019 to 31 December 2019, NALAS has not received an instalment for this Contract. The first instalment was made in November 2017, according to the schedule within the Contract).

Two EU funded projects have been obtained in 2018, namely the PLATFORMA 2 Project with the Council of European Municipalities and regions (CEMR) funded by 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 Revolving fund for their co-financing and pre-financing required started as of 2019.

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 2020:

(all amounts in EUR)		Total 2020	Total 2019
SOURCES OF FUNDS			
	Balance at beginning of year	422,348	445,279
	Instalments	233,623	-
Total Sources of funds		655,971	445,279
EXPENDITURES			
	Office expenses (bank fees)	6	-
	PLATFORMA co-financing	18,951	34,764
	LoGoV co-financing	692	-
Total expenditures		19,649	34,764
Currency exchange gains/(loss)		(3,771)	11,833
Surplus of funds over expenditures		632,551	422,348
Funds used for pre-financing expenditures			
	PLATFORMA	82,831	11,278
	LoGoV	4,418	2,674
Total funds used for pre-financing		87,249	13,952
Funds reimbursed for pre-financed expenditures			
	PLATFORMA	(9,321)	-
Total funds reimbursed for pre-financed expenditures		(9,321)	-

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

(all amounts in EUR)	<u>Total 2020</u>	<u>Total 2019</u>
Advances		
Advance from PLATFORMA (given)/received	83	83
Total funds used for advance payment	<u>83</u>	<u>83</u>
Funds on bank accounts		
Bank account in CHF	554,455	407,708
Bank account in EUR	251	771
Total Funds on bank accounts	<u>554,706</u>	<u>408,479</u>

PLATFORMA co-financing expenditures in amount of EUR 18,951 include EUR 16,851 as 18.62% of PLATFORMA expenditures in year 2020 plus EUR 2,100 as 18.62% of PLATFORMA expenditures in year 2019. This is based on PLATFORMA Agreement for co-financing.

PLATFORMA pre-financing expenditures in amount of EUR 82,831 include EUR 11,278 used for pre-financing of expenditures in year 2019 and EUR 73,653 in year 2020, deducted for EUR 2,100 EUR as 18.62% co-financing part in year 2019 or pre-financing expenditures in year 2020 in a net base are EUR 71,553.

LoGoV pre-financing expenditures in amount of EUR 4,418 include EUR 2,674 used for pre-financing of expenditures in year 2019 and EUR 1,744 EUR in year 2020.

6. Advances

As of 31 December 2020, NALAS has disbursed total net funds of EUR 105,265 (2019: EUR 46,813) 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 losses in the amount of EUR 4,022 (2019: net foreign exchange gains in the amount of EUR 11,848) consist of foreign exchange losses in the amount of EUR 3,771 (2019: foreign exchange gains in the amount of EUR 11,833) resulting from translating the SDC revolving fund from CHF to EUR and the foreign exchange losses in the amount of EUR 251 (2019: foreign exchange gains in the amount of EUR 15) resulting from translating the Macedonian Denars to EUR for reporting purposes.

8. Bank Interest

NALAS operates with bank account in Societe Generale Bank in Strasbourg, and several non-residential bank accounts in ProCredit Bank in Republic of North Macedonia. During the year 2020, the amount of EUR 2,923 was received as bank interest from ProCredit Bank in Republic of North Macedonia. In 2019, the amount received as bank interest was EUR 2,473 from ProCredit Bank in the Republic of North Macedonia.

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Notes to the special purpose financial statement (continued)

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



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