



NATO PARLIAMENTARY ASSEMBLY

Abridged version of the audit
FINANCIAL STATEMENTS
[043 FIN 23 E]

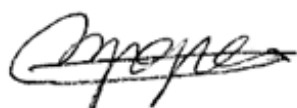
FOR THE YEAR ENDING
31ST DECEMBER 2022

Adopted by the Plenary Assembly on
22 May 2023

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Ruxandra Popa
Secretary General



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SECRETARY GENERAL'S REPORT ON THE 2022 FINANCIAL STATEMENTS

Introduction

In accordance with Article 27 of the Financial Regulations [091 FIN 21 E], this report by the Secretary General presents the financial statements for the preceding financial year to the Standing Committee.

It is important to note that the Financial Regulations specify that the main article of a budget item should stay within the credits allocated. Overruns can occur in the sub-articles, provided that the main article remains within the credits allocated.

Statement on Internal Control

The Statement on Internal Control is an accountability document that describes the effectiveness of internal controls in an organisation. It is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure, to achieve expected results and strategic objectives.

Statement of Financial Position as at 31st December 2022

This table shows assets and liabilities. The main liability is the Emergency Reserve, which is a sum set aside to enable the Assembly to function in the event that an unforeseeable and exceptional funding shortfall occurs. The Emergency Reserve amounts to € 1,321,788.73 which represents 29.85% of the total national contributions of the current 2023 budget. This is within the bracket specified by the Financial Regulations (between 25% and 40%).

In the same category, the table gives the total amounts allocated to the Unemployment Fund and the Provisions. At the beginning of 2022, the Assembly had four provisions, one for each budget chapter. During the Standing Committee meeting in April 2022 in Athens, the Standing Committee unanimously recommended to create a fifth provision to fund future initiatives in support of Ukraine. This recommendation was approved and adopted by the Plenary Assembly in Vilnius in May 2022.

The table also presents the figures for bank and cash accounts, amounts receivable, advance payments and the amount which the Assembly owes its suppliers. In addition, it shows the advance contributions we received in 2022 related to the 2023 budget.

Statement of Financial Performance for the year ended 31st December 2022

Total expenditure for the financial year 2022 amounted to € 4,135,244.92. A breakdown of the expenditure per article can be found in the "Breakdown of Expenditure for Financial Year 2022".

The total budget from all sources was € 4,141,700.12.

The income of the normal budget comprises:

- National contributions, which are the main source of income;
- An anticipated subsidy from NATO;

Like in previous years, some of last year's expenditure was financed from a special contribution from the Swiss Ministry of Defence, equal to EUR 20,000. This contribution is earmarked for the Rose-Roth seminars/webinars or costs related to them (for example, interpretation expenditure). The Swiss authorities agreed to transfer the balance of the 2021 funds in total of EUR 10,826.67 to 2022 and updated this to a total of EUR 20,000 for 2022.

The next part of the income was the use of the Emergency Reserve, for a total amount of EUR 62,233.19, split in two allocations. Joint Committee meetings in Brussels and the Spring Session in Vilnius.

During the Bureau meeting in February 2022, the Treasurer updated the Bureau on the Financial Statements of 2021 and suggested that, should the need occur, the Emergency Reserve could be used again to cover exceptional COVID-19 related costs which the hosts of Assembly meetings could not have anticipated, as was the case for the annual session in Lisbon, Portugal in 2021.

Such a situation occurred indeed for the Joint Committee meetings in Brussels. Belgium, the host of this meeting, had substantial higher costs for this meeting because of the hybrid set up, and other covid related measures (social distancing, testing, holding an additional part of the meeting at the Hotel rather than NATO, etc).

The second use of the Emergency Reserve was for the Spring Session in Vilnius, Lithuania, in May 2022. That session was originally due to be held in Kyiv, Ukraine. Because of Russia's war in Ukraine, the Assembly had to find a new host. The Lithuanian parliament came forward with an offer to host the Assembly, with the understanding that the Assembly would offer some financial support through the Emergency Fund. This was offered to the Speaker of the Seimas in a letter from the NATO PA President dated 11 March 2022. This support was mainly related to Transportation, Catering and additional technical support and staff.

Cash Flow Statement for the year ended 31st December 2022

The cash flow statement records the Assembly's cash transactions (both inflow and outflow) during the financial year. It provides a useful accounting control to ensure that all transactions have been correctly accounted for and are reconciled with the cash movements.

Statement of Reserve Funds and Provisions as at 31st December 2022

This table gives a detailed account of all transactions of funds and reserves during the financial year 2022.

This statement clearly shows the allocation of the 2021 surplus to Provisions for Chapter 1 and 2, and the creation of the fifth Provision in support of Ukraine. As mentioned earlier, this was approved by the Standing Committee during its meeting in April and adopted by the Plenary Assembly in May 2022.

It also shows the total of provisions. Provisions are set aside to facilitate multi-year planning, or to meet contingencies that do not occur annually. In the absence of the Treasurer, the Secretary General introduced the first formal strategic plan for the uses of provisions. This was followed by an updated document that the Treasurer presented in Vilnius at the Standing Committee in May 2022. It was at this meeting that the Standing Committee approved this document.

Breakdown of Expenditure for Financial Year 2022 (per article and per sub-article)

This gives an overview of the revised budget with expenditure, and details on the unused credits, per article and chapter. The overall underspending in the budget articles represents € 6,455.20. The "other income/expenditure" item is € 524.56, giving a total surplus of € 6,979.76 for 2022 (as shown in the Statement of Financial Performance).

Timetable of payments by member countries to the Assembly's 2022 budget

This gives an overview of the national contributions received per country as well as the annual subsidy we receive from NATO. The national contributions follow the contribution key used for the calculation of NATO's civil budget.

Transfers of Credits for Financial Year 2022

During the financial year, transfers of credits are authorised from budget articles where underspending has occurred to articles which require additional funding.

As specified in the Financial Regulations, the transfers require authorisation from the Treasurer, the President and the Secretary General depending on their type and the overall amounts. These authorisations have been given for 2022.

STATEMENT ON INTERNAL CONTROL

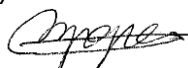
As Secretary General, I have the responsibility for maintaining a sound system of internal control which supports the achievement of the NATO Parliamentary Assembly's aims and policies as established by the Standing Committee, whilst safeguarding the funds and assets in accordance with the responsibilities assigned to me.

While no system of internal control can provide absolute assurance of freedom from risk, I believe that the Assembly's controls are effective in reducing the risk as far as is practical while also providing mechanisms that would highlight any problems that might occur.

The key aspects of the Assembly's financial controls:

- The budget must be implemented in compliance with the Financial Implementing Rules. These rules were drafted, and approved, by the Standing Committee and specify how all transactions must be conducted;
- All orders are entered into a computer-based budget commitment system. This keeps track of the amount spent and committed under each budget article. This enables the finance department to see instantaneously how much remains available in each budget article;
- Staff responsible for managing budget items can place orders up to a certain threshold. Orders above that threshold must be countersigned by either the Head of the Finance Service, the Deputy Secretary General, or the Secretary General, depending upon the value of the order;
- The rules specify the number of bids that must be sought according to the value of an order;
- Invoices are checked against the order and the commitment. The budget holder and either the Head of the Finance Service, the Deputy Secretary General, or the Secretary General must authorise payment of invoices (again, there are thresholds for authorisation);
- Once authorised, payments require two signatures: one from a staff member in the finance department, and one from the Deputy Secretary General or the Secretary General (again, in accordance with the thresholds for authorisation);
- The financial commitments system enables the finance department to spot potential difficulties when orders are entered in the system (i.e. before orders are actually placed) and to see the precise status of all budget articles. Up-to-date statements of accounts can be printed at any time, and budget holders can get "statements" from the finance department whenever they wish;
- If there is a need to exceed the amount approved for an article in the budget, the rules permit the Secretary General to authorise a transfer from another article in the same budget chapter provided the amount does not exceed EUR 2,500 or 10% of the receiving article. The Treasurer's approval is required for amounts up to EUR 10,000, or 25% of the receiving budget article. The President and the Treasurer can jointly authorise higher transfers as well as transfers between different budgetary chapters. All such authorisations must be made in writing and are shown clearly in the Assembly's financial statements. The auditors check that transfers were made in accordance with the regulations.

The system of internal control is kept under review to evaluate the nature and extent of possible risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 December 2022 and up to the date of approval of the annual report and accounts.



Ruxandra Popa,
Secretary General
Brussels, 8 February 2023

ACCOUNTING POLICIES

The Organisation

The NATO Parliamentary Assembly (NATO PA) is a forum of parliamentarians from NATO member nations, associate nations and partner countries. It brings together European and North American legislators to debate, and discuss, issues of common interest and concern. The Assembly is independent of NATO.

The Assembly's governing body is the Standing Committee, composed of the leaders of each member delegation, the Bureau (including the President of the NATO PA, the Vice-Presidents, the Treasurer) and Committee Chairpersons. The International Secretariat, under its Secretary General, is responsible for the administration and research and analysis that supports the Assembly's committees, sub-committees and other groups.

Significant Accounting Policies

The accounts are held on accrual and cash basis with no carry forwards.

Revenue Recognition: Calls for contributions from member countries are recorded in the same year as the budgets they relate to. Contributions received in advance, which relate to future budget years, are reported as year-end liabilities.

Expenditure Recognition: Expenditure is matched to the year in which the goods or services are received. However, some flexibility is applied over the year-end period to also include items where the goods have been ordered prior to year-end but shipments could not be received until the following month. All budgetary commitments are cancelled one month after year-end if goods have not been received.

Cash flow: A cash flow statement is included in the financial statements.

Reserves and Provisions: Excess funds on hand at the end of a fiscal year belong to the contributors but are made available to the Assembly to cover expenses which may need to be met at an unknown future date. Each year, the Standing Committee, after considering the Treasurer's proposals, decides on the specific conditions governing how these reserves and provisions may be utilised in the future. Within that framework, management is granted advance permission to transfer these amounts to the budget and incur the expenditure. A separate financial statement, summarising reserve fund and provision activity, is prepared each year.

One special type of provision relates to voluntary contributions, where donors have attached specific conditions as to what types of activities are to be funded. In these cases, the contribution is accounted for as being repayable to the contributor until the conditions relating to the expenditure are met.

Foreign Currency Translation: Foreign currency transactions are initially recorded in the accounts using NATO's official exchange rates. At year-end, all assets and liabilities denominated in foreign currencies are translated to euros at official year-end rates. Exchange differences, both realised and unrealised, are recognised as current year income or expenditure.

Cash and Investments: Investments are comprised of operating bank accounts and short-term deposits. Interest earned, but not yet received at year-end, is accrued and reported as current year income.

Property Plant and Equipment: Capital purchases are expensed to the budget in the year in which they occur. Listings of fixed assets are maintained, however, for insurance and internal control purposes but property is not included in the assets of the financial statements.

Fixed assets owned by the Assembly are composed primarily of the following: the headquarters building, furniture, equipment, and one official vehicle.

The Assembly's headquarters, located in Brussels, Belgium, was purchased in 1989 for EUR 1,549,334. Since that time, various renovations have taken place which have significantly increased the amount of usable office space.

Statement of Financial Position as at 31st December 2022

| ASSETS | | | | LIABILITIES | | | |
|-----------------------------|-------|-----------------------|-----------------------|--|-------|-----------------------|-----------------------|
| | Notes | 2022 | 2021 | | Notes | 2022 | 2021 |
| Current Assets | | | | Current Liabilities | | | |
| - Cash and Cash Equivalents | (1) | € 3,251,092.19 | € 2,147,996.05 | - Payables | (6) | € 18,987.22 | € 41,356.53 |
| - Receivables | (2) | € 14,665.01 | € 1,644.72 | | | | |
| - Prepayments | (3) | € 32,728.37 | € 39,995.70 | Advance Contributions | | | |
| - Investment Fund | (4) | € 0.00 | € 700,000.00 | - Advanced contributions to next year budget | (7) | € 568,698.00 | € 62,330.00 |
| - Guarantees | (5) | € 0.00 | € 5,272.44 | | | | |
| | | € 3,298,485.57 | € 2,894,908.91 | | | € 587,685.22 | € 103,686.53 |
| | | | | Reserves and Provisions | | | |
| | | | | - Emergency Reserve | (8) | € 1,321,788.73 | € 1,384,021.92 |
| | | | | - Unemployment Fund | (9) | € 16,463.30 | € 16,463.30 |
| | | | | - Provisions | (10) | € 1,365,568.56 | € 930,346.85 |
| | | | | - 2021 Funding Swiss MOD transferred to 2022 | | € 0.00 | € 10,826.67 |
| | | | | | | € 2,703,820.59 | € 2,341,658.74 |
| | | | | - Current Year Surplus | | € 6,979.76 | € 449,563.64 |
| | | | | | | € 2,710,800.35 | € 2,791,222.38 |
| Total Assets | | € 3,298,485.57 | € 2,894,908.91 | Total Liabilities | | € 3,298,485.57 | € 2,894,908.91 |

Purchase value of the building in 1989:

€ 1,549,334.00

Valuation in 2012:

€ 2,130,000.00

Statement of Financial Performance for the year ended 31st December 2022

| INCOME | | | | EXPENDITURE | | | |
|--|-------|------------------------------|------------------------------|--|-------|------------------------------|------------------------------|
| | Notes | 2022 | 2021 | | Notes | 2022 | 2021 |
| Contributions | | | | Expenditure | | | |
| - Contributions from Member Countries | (11) | € 3,992,525.00 | € 3,992,525.00 | - Chapter 1 - Personnel Costs | (17) | € 3,092,423.69 | € 3,011,242.18 |
| - NATO Subsidy | (12) | € 52,600.00 | € 52,600.00 | - Chapter 2 - Operational Costs | (18) | € 338,380.53 | € 285,786.69 |
| | | | | - Chapter 3 - Sessions | (19) | € 411,121.53 | € 268,851.05 |
| | | | | - Chapter 4 - Missions, Seminars, External Relations | (20) | € 293,319.17 | € 177,130.29 |
| | | <u>€ 4,045,125.00</u> | <u>€ 4,045,125.00</u> | | | <u>€ 4,135,244.92</u> | <u>€ 3,743,010.21</u> |
| Budget revision, funding, provisions, reserve | | | | | | | |
| - Revision of the budget | (13) | € 0.00 | € 90,000.00 | | | | |
| - Funding Swiss Ministry of Defence | (14) | € 20,000.00 | € 19,173.33 | | | | |
| - Use of Provisions | (15) | € 14,341.93 | € 0.00 | | | | |
| - Use of Emergency reserve | (16) | € 62,233.19 | € 35,129.70 | | | | |
| | | <u>€ 96,575.12</u> | <u>€ 144,303.03</u> | | | | |
| Total Income for the Year | | <u>€ 4,141,700.12</u> | <u>€ 4,189,428.03</u> | Total Expenditure for the Year | | <u>€ 4,135,244.92</u> | <u>€ 3,743,010.21</u> |
| | | | | Surplus (within the budget) | (21) | 6,455.20 | 446,417.82 |
| | | | | Other Income/expenditure | | | |
| | | | | - Interest on Investment Fund | (22) | € 4,266.57 | € 640.90 |
| | | | | - Interest on Term Deposits | (23) | € 0.00 | € 91.89 |
| | | | | - Gains/Losses on Exchange rates | (24) | € -3,628.81 | € -1,566.07 |
| | | | | - Other Income/expenditure | (25) | € -113.20 | € 3,979.10 |
| | | | | Total Other Income/Expenditure | | <u>€ 524.56</u> | <u>€ 3,145.82</u> |
| | | | | Total Surplus | | <u>€ 6,979.76</u> | <u>€ 449,563.64</u> |

Cash Flow Statement for the year ended 31st December 2022

| Cash flow from operating activities | 2022 | 2021 |
|---|-----------------------|-----------------------|
| Receipts | | |
| Contributions Received | € 4,551,493.00 | € 3,594,676.00 |
| Funding Other Contributions | € 20,000.00 | € 19,173.33 |
| Other Income | € -7,223.29 | € 4,291.82 |
| Total: | <u>€ 4,564,269.71</u> | <u>€ 3,618,141.15</u> |
| Payments | | |
| Personnel Costs | € 3,092,423.69 | € 3,011,242.18 |
| Operational Costs | € 1,068,749.88 | € 719,326.10 |
| Total: | <u>€ 4,161,173.57</u> | <u>€ 3,730,568.28</u> |
| NET increase/decrease in cash and cash equivalents: | € 403,096.14 | € -112,427.13 |
| Cash and cash equivalents at the beginning of the period: | € 2,847,996.05 | € 2,960,423.18 |
| Cash and cash equivalents at the end of the period: | € 3,251,092.19 | € 2,847,996.05 |
| Balance: | € 403,096.14 | € -112,427.13 |

Statement of Reserve funds and Provisions as at 31st December 2022

| | Opening Balances | Approved allocations | Revised Balances | Curent Year Contributions | Additional Funding | Transferred to Current Year Budget | Revised Budget | Current Year Budget Expenditure | Other Income | Ending Balance |
|--|-----------------------|----------------------|-----------------------|---------------------------|--------------------|------------------------------------|-----------------------|---------------------------------|-----------------|-----------------------|
| I. Provisions | | | | | | | | | | |
| - Provision Chapter 1 | € 273,097.36 | € 27,928.64 | € 301,026.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 301,026.00 |
| - Provision Chapter 2 | € 139,580.85 | € 67,813.31 | € 207,394.16 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 207,394.16 |
| - Provision Chapter 3 | € 191,408.45 | € 0.00 | € 191,408.45 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 191,408.45 |
| - Provision Chapter 4 | € 326,260.19 | € 0.00 | € 326,260.19 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 326,260.19 |
| - Provision in support of Ukraine | € 0.00 | € 353,821.69 | € 353,821.69 | € 0.00 | € 0.00 | € -14,341.93 | € 0.00 | € 0.00 | € 0.00 | € 339,479.76 |
| Total | € 930,346.85 | € 449,563.64 | € 1,379,910.49 | € 0.00 | € 0.00 | € -14,341.93 | € 0.00 | € 0.00 | € 0.00 | € 1,365,568.56 |
| II. Special Purpose Contributions | | | | | | | | | | |
| - Rose-Roth Programme - Swiss MOD funds | € 10,826.67 | € 0.00 | € 10,826.67 | € 0.00 | € 9,173.33 | € -20,000.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 |
| Total | € 10,826.67 | € 0.00 | € 10,826.67 | € 0.00 | € 9,173.33 | € -20,000.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 |
| III. Reserve Funds | | | | | | | | | | |
| - Emergency Fund | € 1,384,021.92 | € 0.00 | € 1,384,021.92 | € 0.00 | € 0.00 | € -62,233.19 | € 0.00 | € 0.00 | € 0.00 | € 1,321,788.73 |
| - Unemployment Fund | € 16,463.30 | € 0.00 | € 16,463.30 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 16,463.30 |
| Total | € 1,400,485.22 | € 0.00 | € 1,400,485.22 | € 0.00 | € 0.00 | € -62,233.19 | € 0.00 | € 0.00 | € 0.00 | € 1,338,252.03 |
| TOTAL (Headings I,II,III) | € 2,341,658.74 | € 449,563.64 | € 2,791,222.38 | € 0.00 | € 9,173.33 | € -96,575.12 | € 0.00 | € 0.00 | € 0.00 | € 2,703,820.59 |
| IV. ANNUAL BUDGET | | | | | | | | | | |
| - Update of the budget | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 |
| - Allocation of Prior Year surplus | € 449,563.64 | € -449,563.64 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 |
| - Current Year Operations - Normal Budget | € 0.00 | € 0.00 | € 0.00 | € 4,045,125.00 | € 0.00 | € 96,575.12 | € 4,141,700.12 | € 4,135,244.92 | € 524.56 | € 6,979.76 |
| TOTAL (Heading IV) | € 449,563.64 | € -449,563.64 | € 0.00 | € 4,045,125.00 | € 0.00 | € 96,575.12 | € 4,141,700.12 | € 4,135,244.92 | € 524.56 | € 6,979.76 |
| GRAND TOTAL (Headings I, II, III, IV) | € 2,791,222.38 | € 0.00 | € 2,791,222.38 | € 4,045,125.00 | | | € 4,141,700.12 | € 4,135,244.92 | € 524.56 | € 2,710,800.35 |
| - see income and expenditure table for details | | | | | | | | | | |

Breakdown of Expenditure (per article) for Financial Year 2022

| | Adopted Budget 2022 | Budget revision, Funding, use of Provisions, Reserves | Transfers within 2022 | Revised Budget 2022 | Expenditure 2022 | Unused Credits 2022 |
|--|-----------------------|---|-----------------------|-----------------------|-----------------------|---------------------|
| CHAPTER 1 - PERSONNEL COSTS | | | | | | |
| Article 1 - Gross Salaries | € 2,274,525.00 | € 0.00 | € 40,000.00 | € 2,314,525.00 | € 2,314,510.50 | € 14.50 |
| Article 2 - Additional salary costs | € 510,000.00 | € 0.00 | € -6,000.00 | € 504,000.00 | € 503,858.75 | € 141.25 |
| Article 3 - Recruitment expenses | € 15,000.00 | € 0.00 | € -12,760.00 | € 2,240.00 | € 2,216.35 | € 23.65 |
| Article 4 - Expenditure related to staff | € 53,000.00 | € 0.00 | € 8,210.00 | € 61,210.00 | € 61,208.83 | € 1.17 |
| Article 5 - External consultants and Temporary staff | € 15,000.00 | € 0.00 | € 100,350.00 | € 115,350.00 | € 115,328.29 | € 21.71 |
| Article 6 - Audit and financial control | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 | € 0.00 |
| Article 7 - Legal advisers | € 2,500.00 | € 0.00 | € 17,100.00 | € 19,600.00 | € 19,534.20 | € 65.80 |
| Article 8 - Research programme | € 76,000.00 | € 0.00 | € 0.00 | € 76,000.00 | € 75,766.77 | € 233.23 |
| TOTAL CHAPTER 1 | € 2,946,025.00 | € 0.00 | € 146,900.00 | € 3,092,925.00 | € 3,092,423.69 | € 501.31 |
| CHAPTER 2 - OPERATING COSTS | | | | | | |
| Article 1 - Expenditure on headquarters | € 69,000.00 | € 0.00 | € -1,500.00 | € 67,500.00 | € 67,325.88 | € 174.12 |
| Article 2 - Insurances | € 7,500.00 | € 0.00 | € 500.00 | € 8,000.00 | € 7,958.92 | € 41.08 |
| Article 3 - Security | € 20,000.00 | € 0.00 | € 1,500.00 | € 21,500.00 | € 21,469.07 | € 30.93 |
| Article 4 - Postage and Telephone | € 10,000.00 | € 0.00 | € -3,900.00 | € 6,100.00 | € 6,033.02 | € 66.98 |
| Article 5 - Administration costs and office supplies | € 12,500.00 | € 0.00 | € 0.00 | € 12,500.00 | € 12,381.45 | € 118.55 |
| Article 6 - Small office equipment and furniture | € 11,500.00 | € 0.00 | € 4,300.00 | € 15,800.00 | € 15,780.08 | € 19.92 |
| Article 7 - Rental and maintenance of multifunction printers/copiers | € 9,000.00 | € 0.00 | € -1,500.00 | € 7,500.00 | € 7,500.00 | € 0.00 |
| Article 8 - Information and Communications Technology (ICT) | € 63,000.00 | € 0.00 | € 19,500.00 | € 82,500.00 | € 82,398.79 | € 101.21 |
| Article 9 - Transport | € 14,600.00 | € 0.00 | € -5,800.00 | € 8,800.00 | € 8,534.22 | € 265.78 |
| Article 10 - Documents | € 105,000.00 | € 0.00 | € -20,400.00 | € 84,600.00 | € 84,122.62 | € 477.38 |
| Article 11 - Library | € 16,500.00 | € 0.00 | € -3,800.00 | € 12,700.00 | € 12,567.02 | € 132.98 |
| Article 12 - Representation, hospitality, receptions | € 15,000.00 | € 0.00 | € 0.00 | € 15,000.00 | € 12,309.46 | € 2,690.54 |
| TOTAL CHAPTER 2 | € 353,600.00 | € 0.00 | € -11,100.00 | € 342,500.00 | € 338,380.53 | € 4,119.47 |
| CHAPTER 3 - SESSIONS | | | | | | |
| Article 1 - Standing Committee meeting | € 13,500.00 | € 0.00 | € 9,000.00 | € 22,500.00 | € 22,442.07 | € 57.93 |
| Article 2 - Spring Session | € 140,000.00 | € 24,352.58 | € -2,000.00 | € 162,352.58 | € 162,210.95 | € 141.63 |
| Article 3 - Annual Session | € 200,000.00 | € 7,208.28 | € -49,000.00 | € 158,208.28 | € 157,987.17 | € 221.11 |
| Article 4 - Joint Committee Meeting | € 5,000.00 | € 37,880.61 | € -3,700.00 | € 39,180.61 | € 39,125.53 | € 55.08 |
| Article 5 - Preparation of future sessions | € 30,000.00 | € 0.00 | € 0.00 | € 30,000.00 | € 29,355.81 | € 644.19 |
| TOTAL CHAPTER 3 | € 388,500.00 | € 69,441.47 | € -45,700.00 | € 412,241.47 | € 411,121.53 | € 1,119.94 |
| CHAPTER 4 - MISSIONS, SEMINARS & EXTERNAL RELATIONS | | | | | | |
| Article 1 - Committee on Democracy and Security (CDS) | € 15,000.00 | € 0.00 | € -5,700.00 | € 9,300.00 | € 9,283.29 | € 16.71 |
| Article 2 - Defence and Security Committee (DSC) | € 20,000.00 | € 0.00 | € 9,300.00 | € 29,300.00 | € 29,228.98 | € 71.02 |
| Article 3 - Economics and Security Committee (ESC) | € 18,000.00 | € 0.00 | € -5,200.00 | € 12,800.00 | € 12,721.80 | € 78.20 |
| Article 4 - Political Committee (PC) | € 20,000.00 | € 0.00 | € -2,300.00 | € 17,700.00 | € 17,689.49 | € 10.51 |
| Article 5 - Science and Technology Committee (STC) | € 15,000.00 | € 0.00 | € 1,900.00 | € 16,900.00 | € 16,897.50 | € 2.50 |
| Article 6 - Any additional meeting | € 6,000.00 | € 0.00 | € 2,500.00 | € 8,500.00 | € 8,471.55 | € 28.45 |
| Article 7 - Rose-Roth and Outreach programmes | € 75,000.00 | € 14,973.46 | € -40,500.00 | € 49,473.46 | € 49,402.64 | € 70.82 |
| Article 8 - Mediterranean and Middle East Special Group | € 20,000.00 | € 0.00 | € -12,500.00 | € 7,500.00 | € 7,415.17 | € 84.83 |
| Article 9 - Parliamentary Transatlantic Forum | € 15,000.00 | € 0.00 | € 2,000.00 | € 17,000.00 | € 16,988.62 | € 11.38 |
| Article 10 - Interpretation costs | € 100,000.00 | € 12,160.19 | € -27,710.00 | € 84,450.19 | € 84,212.07 | € 238.12 |
| Article 11 - Press and Communication | € 5,000.00 | € 0.00 | € 5,510.00 | € 10,510.00 | € 10,503.26 | € 6.74 |
| Article 12 - President | € 2,500.00 | € 0.00 | € -2,500.00 | € 0.00 | € 0.00 | € 0.00 |
| Article 13 - Secretary General | € 25,500.00 | € 0.00 | € -7,800.00 | € 17,700.00 | € 17,635.47 | € 64.53 |
| Article 14 - Deputy Secretary General | € 20,000.00 | € 0.00 | € -7,100.00 | € 12,900.00 | € 12,869.33 | € 30.67 |
| TOTAL CHAPTER 4 | € 357,000.00 | € 27,133.65 | € -90,100.00 | € 294,033.65 | € 293,319.17 | € 714.48 |
| GRAND TOTAL | € 4,045,125.00 | € 96,575.12 | € 0.00 | € 4,141,700.12 | € 4,135,244.92 | € 6,455.20 |

Timetable of payments by member countries to the Assembly's 2022 budget

| Member Country | Contribution Key % | Contribution | Contribution Received | Date Received | Contribution Outstanding |
|-----------------|--------------------|-----------------------|--|--|--------------------------|
| Albania | 0.0908% | € 3,625.00 | € 3,625.00 | 14/02/2022 | € 0.00 |
| Belgium | 2.1043% | € 84,015.00 | € 84,015.00 | 10/03/2022 | € 0.00 |
| Bulgaria | 0.3656% | € 14,597.00 | € 14,597.00 | 16/03/2022 | € 0.00 |
| Canada | 6.8789% | € 274,642.00 | € 274,642.00 | 12/01/2022 | € 0.00 |
| Croatia | 0.2995% | € 11,958.00 | € 11,958.00 | 08/02/2022 | € 0.00 |
| Czech Republic | 1.0558% | € 42,153.00 | € 30,109.50 € 12,043.50 | 29/04/2022 20/05/2022 | € 0.00 |
| Denmark | 1.3116% | € 52,366.00 | € 52,366.00 | 10/01/2022 | € 0.00 |
| Estonia | 0.1248% | € 4,983.00 | € 4,983.00 | 07/01/2022 | € 0.00 |
| France | 10.4913% | € 418,868.00 | € 255,974.89 € 162,893.11 | 25/03/2022 25/05/2022 | € 0.00 |
| Germany | 16.3444% | € 652,554.00 | € 217,518.00 € 217,518.00 € 217,518.00 | 18/01/2022 18/01/2022 05/07/2022 | € 0.00 |
| Greece | 1.0573% | € 42,213.00 | € 42,213.00 | 30/06/2022 | € 0.00 |
| Hungary | 0.7595% | € 30,323.00 | € 30,323.00 | 22/12/2021 | € 0.00 |
| Iceland | 0.0642% | € 2,563.00 | € 2,563.00 | 06/01/2022 | € 0.00 |
| Italy | 8.7812% | € 350,592.00 | € 350,592.00 | 02/03/2022 | € 0.00 |
| Latvia | 0.1595% | € 6,368.00 | € 6,368.00 | 12/01/2022 | € 0.00 |
| Lithuania | 0.2566% | € 10,245.00 | € 10,245.00 | 23/12/2021 | € 0.00 |
| Luxembourg | 0.1693% | € 6,759.00 | € 6,759.00 | 09/02/2022 | € 0.00 |
| Montenegro | 0.0291% | € 1,161.00 | € 1,161.00 | 29/12/2021 | € 0.00 |
| Netherlands | 3.4506% | € 137,766.00 | € 137,766.00 | 04/02/2022 | € 0.00 |
| North Macedonia | 0.0778% | € 3,106.00 | € 3,106.00 | 17/06/2022 | € 0.00 |
| Norway | 1.7771% | € 70,951.00 | € 70,951.00 | 07/03/2022 | € 0.00 |
| Poland | 2.9861% | € 119,221.00 | € 119,221.00 | 24/06/2022 | € 0.00 |
| Portugal | 1.0491% | € 41,886.00 | € 41,886.00 | 18/03/2022 | € 0.00 |
| Romania | 1.2279% | € 49,024.00 | € 49,024.00 | 14/06/2022 | € 0.00 |
| Slovakia | 0.5160% | € 20,601.00 | € 20,601.00 | 17/12/2021 | € 0.00 |
| Slovenia | 0.2276% | € 9,087.00 | € 9,087.00 | 12/01/2022 | € 0.00 |
| Spain | 5.9908% | € 239,184.00 | € 239,184.00 | 14/02/2022 | € 0.00 |
| Türkiye | 4.7266% | € 188,711.00 | € 188,711.00 | 22/02/2022 | € 0.00 |
| United Kingdom | 11.2823% | € 450,449.00 | € 450,449.00 | 18/01/2022 | € 0.00 |
| United States | 16.3444% | € 652,554.00 | € 652,554.00 | 23/06/2022 | € 0.00 |
| NATO Subsidy | | € 52,600.00 | € 52,600.00 | 16/06/2022 | € 0.00 |
| Total | | € 4,045,125.00 | € 4,045,125.00 | | € 0.00 |

Transfer of Credits for 2022

1) within the budget

| | Chapter/Article | | Transfer | Balance after transfer |
|-------------|--|-----------------------|---------------|------------------------|
| FROM | Chapter 3 - Art. 3 Annual Session | € 200,000.00 | - € 49,000.00 | € 151,000.00 |
| TO | Chapter 3 - Art. 1 Standing Committee meeting | € 13,500.00 | + € 9,000.00 | € 22,500.00 |
| TO | Chapter 1 - Art. 1 Gross Salaries | € 2,274,525.00 | + € 40,000.00 | € 2,314,525.00 |
| FROM | Chapter 4 - Art. 10 Interpretation Cost | € 100,000.00 | - € 27,710.00 | € 72,290.00 |
| TO | Chapter 4 - Art. 2 DSC | € 20,000.00 | + € 9,300.00 | € 29,300.00 |
| TO | Chapter 4 - Art. 5 STC | € 15,000.00 | + € 1,900.00 | € 16,900.00 |
| TO | Chapter 4 - Art. 6 Additional Meeting | € 6,000.00 | + € 2,500.00 | € 8,500.00 |
| TO | Chapter 4 - Art. 9 Parliamentary Transatlantic Forum | € 15,000.00 | + € 2,000.00 | € 17,000.00 |
| TO | Chapter 4 - Art. 11 Press and Communication | € 5,000.00 | + € 5,510.00 | € 10,510.00 |
| TO | Chapter 1 - Art. 5 Consultants and Temporary staff | € 15,000.00 | + € 6,500.00 | € 21,500.00 |
| FROM | Chapter 1 - Art. 3 Recruitment expenditure | € 15,000.00 | - € 4,550.00 | € 10,450.00 |
| FROM | Chapter 3 - Art. 2 Spring Session | € 140,000.00 | - € 2,000.00 | € 138,000.00 |
| FROM | Chapter 3 - Art. 4 Joint Committee Meetings | € 5,000.00 | - € 3,700.00 | € 1,300.00 |
| FROM | Chapter 4 - Art. 1 CDS | € 15,000.00 | - € 5,700.00 | € 9,300.00 |
| FROM | Chapter 4 - Art. 3 ESC | € 18,000.00 | - € 5,200.00 | € 12,800.00 |
| FROM | Chapter 4 - Art. 4 PC | € 20,000.00 | - € 2,300.00 | € 17,700.00 |
| FROM | Chapter 4 - Art. 7 Rose-Roth and Outreach Programmes | € 75,000.00 | - € 40,500.00 | € 34,500.00 |
| FROM | Chapter 4 - Art. 8 Med. and Middle East Special Group | € 20,000.00 | - € 12,500.00 | € 7,500.00 |
| FROM | Chapter 4 - Art. 12 President | € 2,500.00 | - € 2,500.00 | € 0.00 |
| FROM | Chapter 4 - Art. 13 Secretary General | € 25,500.00 | - € 7,800.00 | € 17,700.00 |
| FROM | Chapter 4 - Art. 14 Deputy Secretary General | € 20,000.00 | - € 7,100.00 | € 12,900.00 |
| TO | Chapter 1 - Art. 5 Consultants and Temporary staff | € 21,500.00 | + € 93,850.00 | € 115,350.00 |
| FROM | Chapter 1 - Art. 3 Recruitment expenditure | € 10,450.00 | - € 8,210.00 | € 2,240.00 |
| TO | Chapter 1 - Art. 4 Expenditure related to staff | € 53,000.00 | + € 8,210.00 | € 61,210.00 |

| | Chapter/Article | | Transfer | Balance after transfer |
|-------------|--|---------------------|---------------|------------------------|
| FROM | Chapter 1 - Art. 2 Additional Salary costs | € 510,000.00 | - € 6,000.00 | € 504,000.00 |
| FROM | Chapter 2 - Art. 7 Multifunctional Printers/Copiers | € 9,000.00 | - € 1,500.00 | € 7,500.00 |
| FROM | Chapter 2 - Art. 9 Transport | € 14,600.00 | - € 5,800.00 | € 8,800.00 |
| FROM | Chapter 2 - Art. 11 Library | € 16,500.00 | - € 3,800.00 | € 12,700.00 |
| TO | Chapter 1 - Art. 7 Legal advisers | € 2,500.00 | + € 17,100.00 | € 19,600.00 |
| FROM | Chapter 2 - Art. 10 Documents | € 105,000.00 | - € 20,400.00 | € 84,600.00 |
| TO | Chapter 2 - Art. 2 Insurances | € 7,500.00 | + € 500.00 | € 8,000.00 |
| TO | Chapter 2 - Art. 6 Small office equipment | € 11,500.00 | + € 400.00 | € 11,900.00 |
| TO | Chapter 2 - Art. 8 Information and Communication Technology (ICT) | € 63,000.00 | + € 19,500.00 | € 82,500.00 |
| FROM | Chapter 2 - Art. 4 Postage and Telephone | € 10,000.00 | - € 3,900.00 | € 6,100.00 |
| TO | Chapter 2 - Art. 6 Small office equipment | € 11,900.00 | + € 3,900.00 | € 15,800.00 |
| FROM | Chapter 2 - Art. 1 Expenditure on headquarters | € 69,000.00 | - € 1,500.00 | € 67,500.00 |
| TO | Chapter 2 - Art. 3 Security | € 20,000.00 | + € 1,500.00 | € 21,500.00 |

2) from external funding

| | | | | |
|-------------|---|--------------------|---------------|--------------------|
| FROM | Swiss MOD Funding 2022 | | € 20,000.00 | |
| TO | Chapter 4 - Art. 7 Rose-Roth and Outreach programmes | € 34,500.00 | + € 7,839.81 | € 42,339.81 |
| TO | Chapter 4 - Art. 10 Interpretation Cost | € 72,290.00 | + € 12,160.19 | € 84,450.19 |

3) from Reserves and Provisions

| | | | | |
|-------------|---|---------------------|---------------|---------------------|
| FROM | Emergency Reserve | | € 62,233.19 | |
| TO | Chapter 3 - Art. 2 Spring Session | € 138,000.00 | + € 24,352.58 | € 162,352.58 |
| TO | Chapter 3 - Art. 4 Joint Committee Meetings | € 1,300.00 | + € 37,880.61 | € 39,180.61 |
| FROM | Provision in support of Ukraine | | € 14,341.93 | |
| TO | Chapter 3 - Art. 3 Annual Session | € 151,000.00 | + € 7,208.28 | € 158,208.28 |
| TO | Chapter 4 - Art. 7 Rose-Roth and Outreach programmes | € 42,339.81 | + € 7,133.65 | € 49,473.46 |

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Cash and Cash equivalents

Cash and Cash Equivalents are defined as short-term assets. They include cash-on-hand, petty cash, current accounts, and deposits held with banks. Three credit cards are available for other purchases and travel tickets through the internet.

The Petty cash is held in Euros and USD. A small amount of cash is kept in a safe to pay for minor expenses. The use of cash has been brought to a minimum over the last couple of years.

Current bank accounts are held in Euros and USD. The accounts reflect the situation reconciled with the bank statements as at 31 December 2022.

Note 2: Receivables

This reflects the amounts that are to be received by the NATO PA. The biggest receivable is the Swiss MOD Funding for 2022. Part of the total funding was not yet received on 31st December 2022.

Note 3: Prepayments

This mainly reflects prepayments to suppliers. Prepayments are mainly in respect of advance payments in 2022 to be finally settled in 2023.

Note 4: Investment Fund

The investment Fund is a reserve which provides the funds necessary to cover potential liabilities and commitments of the Emergency Reserve, the Unemployment Fund and the Provisions.

The amount is normally placed on a term deposit for 6 months to a year, but because of the 0% to negative interest, no amount was placed on a term deposit. Most parts of these funds were kept in an account which had no negative interests above 1 million. The balance of the fund was divided between different accounts to avoid negative interests.

Note 5: Guarantees

This is the rental guarantee blocked on a bank account for the house we were renting for the Research Assistants Programme. The programme was revamped in 2022 and accommodation is now no longer provided. The rental guarantee was therefore unblocked in mid-2022 and the full amount including interests was returned to the current account of the Assembly.

Note 6: Payables

This reflects the amount that the Assembly owes to its suppliers on 31st December 2022, for goods received or services provided that remain unpaid. Accruals are estimates of the cost for goods and services received at year-end but not yet invoiced.

Note 7: Advanced contributions to next year budget

In 2022, the Assembly received the following 2023 contributions in advance: Hungary, Lithuania, Montenegro, Slovakia and United Kingdom. Contribution letters are sent to delegations straight after the budget is approved by the Plenary at the annual session. Delegations can decide themselves when to pay their contribution as long as 50% of the contribution is received by 30th June of the following year.

Note 8: Emergency Reserve

The Emergency Reserve enables the Assembly to continue to function in the event that an unforeseeable and exceptional funding shortfall occurs. According to the Financial Regulations, the amount in the Emergency Reserve should be between 25% and 40% of the total national contributions to the budget of the current financial year. The Emergency Reserve currently stands at 29,85%.

Note 9: Unemployment Fund

Staff members are covered by a social security scheme independent of the official system existing in Belgium. Only members of the personnel of the Secretariat who have not left the employment of their own accord will be entitled to benefit from this unemployment insurance.

Note 10: Provisions

Provisions are established to facilitate multi-year planning for ad hoc contingencies which are expected to result in expenses above those foreseen in the annual budget.

In May 2022, the Standing Committee agreed and the Plenary adopted the creation of a new fifth provision in support of the Ukrainian parliament and Ukrainian democracy. Funds from this provision are currently being used to make possible the continued participation of Ukrainian parliamentarians and staff in the Assembly's activities. The provision also aims to support NATO PA activities organised in Ukraine as well as other activities aimed at advancing Ukraine's parliamentary democracy.

The other four provisions are one for each budget chapter. Details on the individual amounts and their use in 2022 can be found in the Statement of Reserve funds and Provisions.

Note 11: Contributions from Member Countries

This reflects the amount from the national contributions received per country (30) intended to finance the 2022 budget. The national contributions follow the same contribution key used for the calculation of NATO's civil budget.

Note 12: NATO Subsidy

Since the creation of the Assembly in 1955, NATO has granted a yearly contribution/subsidy to the Assembly's budget.

Note 13: Revision of the budget

This reflects the revision to the current budget with part of or total previous year's surplus. No revision to the 2022 budget was done.

Note 14: Funding Swiss Ministry of Defence

Like previous years, funding was received from the Swiss Ministry of Defence. These funds were to cover part of the expenses from the organisation of the 102nd Rose-Roth Seminar held in Pristina on 8-10 October 2022 (including interpretation expenses).

Note 15: Use of Provisions

This reflects the amount used from the Provision in support of Ukraine, regarding the travel and accommodation expenses of the Ukrainian delegation including secretary of delegation to attend the Annual Session in Madrid: 18-21 November 2022, the 103rd Rose-Roth Seminar in Helsinki: 18-20 October 2022, and the NATO Orientation Programme in Brussels: 03-04 October 2022.

Note 16: Use of the Emergency reserve

This reflects the amount used to cover costs related to the COVID-19 pandemic that could not have been anticipated by the host (Belgium) of the Joint Committee meetings in Brussels: 21-23 February 2022 (37.880,61€), and to financially support the Lithuanian parliament for hosting the Spring Session in Vilnius: 27-30 May 2022 after Russia's war in Ukraine made the holding of the session in Kyiv impossible.

Note 17: Expenditure Chapter 1

This reflects the amount of Personnel expenditure. Including gross salaries, additional salary costs, recruitment expenditures, expenditures related to staff, external consultants and temporary staff, audit and financial control, legal advice, and our Research Assistant Programme (changed to the Research programme as from the second half of the year).

Note 18: Expenditure Chapter 2

This reflects the amount used for expenses related to Operating costs. Including expenditure on the Assembly's headquarters, insurance, security, postage and telephone, administration costs and office supplies, office equipment and furniture, multifunctional printers/copies, Information and Communications Technology (ICT), transportation, documents, library, and representation expenditure.

Note 19: Expenditure Chapter 3

This reflects the amount used for expenses related to Sessions. Including covering the preparation and secretariat's costs associated with the early spring Standing Committee meeting, the Spring Session, the Annual Session, the Joint Committee meetings in Brussels and future sessions.

Note 20: Expenditure Chapter 4

This reflects the amount used for expenses related to Missions, Seminars and External relations of the Assembly. Including covering costs related to the five Committees, additional meetings, Rose-Roth and outreach programmes, Mediterranean and Middle East Special Group, the Parliamentary Transatlantic Forum, interpretation costs for all meetings and seminars, press and communication, a small amount for representation cost for the President and costs related to the missions of the Secretary General and the Deputy Secretary General.

Note 21: Surplus (within the budget)

Balance of income over expenditure within the budget, i.e. funds not used from the budget during the year.

Note 22: Interest on Investment Fund

This reflects the amount of interest received on the current account of the investment fund.

Note 23: Interest on Term Deposits

This reflects the amount of interest received from the placement of funds in term deposits. No amounts were placed on term deposits during 2022, so no interest was received.

Note 24: Gains/losses on Exchange rates

This reflects the amount lost due to transactions in foreign currency. The losses/gains on exchange appear since the financial statements quote the value in euros of accounts held in US dollars. The gains/losses represent changes in the relative values of the currencies involved and reflect differences in currency exchange rates when performing payments. The weekly official NATO exchange rate is used.

Note 25: Other Income/Expenditure

This reflects the amount lost due to VAT from years 2020 and 2021 not being reimbursed by the supplier, and the interest received from the rental guarantee blocked on a bank account for the house we were renting for the Research Assistants Programme.