



NATO PARLIAMENTARY ASSEMBLY

ABRIDGED VERSION OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31st DECEMBER 2015

AUDITED

ADOPTED BY THE PLENARY ASSEMBLY ON MONDAY 30 MAY 2016

ACCOUNTING POLICIES

Note 1: The Organisation

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

The Assembly's governing body is the Standing Committee, which is composed of the Head of each member delegation, the President, the Vice-Presidents, the Treasurer and the Secretary General. The International Secretariat under its Secretary General is responsible for all administration and the bulk of research and analysis that supports the Assembly's Committees, Sub-Committees and other groups.

Note 2: 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.

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.

Note 3: Property Plant and Equipment

Fixed assets owned by the Assembly are composed primarily of the following: the headquarters building, furniture, equipment, and 1 official vehicle.

The Assembly's headquarters, located on the Petit Sablon in Brussels, Belgium, was purchased in 1989 for Euro 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 at 31st December 2015

ASSETS			LIABILITIES		
	2015	2014		2015	2014
<u>Current Assets</u>			<u>Current Liabilities</u>		
Cash and Short-Term accounts	€868,637.52	€856,719.56	Creditors	€85,343.60	€65,458.92
Other Amounts Receivable	€3,038.81	€6,061.28			
Advance payments	€15,698.67	€13,055.23	<u>Advance Contributions</u>		
Investment Fund	€1,264,686.66	€1,256,751.09	Contributions to next year budget paid in advance	€431,604.00	€422,783.00
Guarantees	€5,242.53	€5,208.29		€516,947.60	€488,241.92
	€2,157,304.19	€2,137,795.45			
			<u>Reserves and Carryforwards</u>		
			Emergency Fund	€924,727.89	€924,727.89
			Unemployment Fund	€16,463.30	€16,463.30
			Provisions	€676,608.48	€676,608.48
			Special Purpose Contributions	€3,361.06	€0.00
				€1,621,160.73	€1,617,799.67
			Current Year Surplus	€19,195.86	€31,753.86
				€1,640,356.59	€1,649,553.53
Total Assets	€2,157,304.19	€2,137,795.45	Total Liabilities, Reserves and Carryforwards	€2,157,304.19	€2,137,795.45

Purchase value of the building in 1989: Euro 1,549,334

Statement of Financial Performance at 31st December 2015

INCOME			EXPENDITURE		
<u>ANNUAL BUDGET</u>	2015	2014		2015	2014
Contributions			Expenditure		
Contributions from Member Countries	€3,698,825.00	€3,698,825.00	Chapter 1 - Personnel Costs	€2,673,623.20	€2,745,108.45
NATO Subsidy	€51,600.00	€51,600.00	Chapter 2 - Operational Costs	€354,083.85	€374,020.61
			Chapter 3 - Sessions	€373,208.83	€344,382.27
			Chapter 4 - Missions, Seminars, External Relations	€410,526.39	€323,484.23
	<u>€3,750,425.00</u>	<u>€3,750,425.00</u>		<u>€3,811,442.27</u>	<u>€3,786,995.56</u>
Financed By Provisions and Prior Year Surplus					
Financed from Prior Year Surplus	€31,753.86	€24,818.32			
Update of the budget	€0.00	€0.00			
Use of provisions	€0.00	€0.00			
Funding Outreach Programme					
Swiss Ministry of Defence	€41,638.94	€30,000.00			
	<u>€73,392.80</u>	<u>€54,818.32</u>			
Total Budget for the Year	<u>€3,823,817.80</u>	<u>€3,805,243.32</u>			
Other Income					
Investment Income	€5,451.10	€11,831.92			
Interest on Term Deposits	€3,703.31	€3,053.73			
Gains (Losses) on Exchange	-€3,139.22	-€2,390.71			
Other Income	€805.14	€1,011.16			
	<u>€6,820.33</u>	<u>€13,506.10</u>			
Total Income	€3,830,638.13	€3,818,749.42	Total Expenditure	€3,811,442.27	€3,786,995.56
			Excess of Receipts over Expenditure	€19,195.86	€31,753.86

Cash Flow Statement

Cash flow from operating activities	2015	2014
Receipts		
Contributions Received	€3,759,246.00	€3,435,344.00
Funding Other Contributions	€45,000.00	€30,000.00
Other Income	€10,781.31	€15,317.93
Total Receipts:	€3,815,027.31	€3,480,661.93
Payments		
Personnel Costs	€2,673,623.20	€2,745,108.45
Operational Costs	€1,121,550.58	€1,006,225.68
Total Payments:	€3,795,173.78	€3,751,334.13
NET increase/decrease in cash and cash equivalents:	€19,853.53	-€270,672.20
Cash and cash equivalents at the beginnig of the period:	€2,113,470.65	€2,384,142.85
Cash and cash equivalents at the end of the period:	€2,133,324.18	€2,113,470.65
Balance:	€19,853.53	-€270,672.20

Statement of Reserve funds and Provisions at 31st December 2015

	Opening Balances	Approved allocations	Revised Balances	Current Year Contributions	Additional Budget	Transferred to Current Year Budget	Revised Budget	Current Year Budget Expenditure	Other Income	Transfer Next Year's budget	Ending Balance
I. Provisions											
Provision Chapter 1	€129,265.85	€0.00	€129,265.85	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€129,265.85
Provision Chapter 2	€72,425.99	€0.00	€72,425.99	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€72,425.99
Provision Chapter 3	€151,408.45	€0.00	€151,408.45	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€151,408.45
Provision Chapter 4	€323,508.19	€0.00	€323,508.19	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€323,508.19
Total	€676,608.48	€0.00	€676,608.48	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€676,608.48
II. Special Purpose Contributions											
Rose-Roth Programme - Swiss MOD funds	€0.00	€0.00	€0.00	€0.00	€45,000.00	-€41,638.94	€0.00	€0.00	€0.00	€0.00	€3,361.06
- Funding transferred to Fiscal Year 2016	€0.00	€0.00	€0.00	€0.00	€0.00	-€3,361.06	€0.00	€0.00	€0.00	€3,361.06	€0.00
Total	€0.00	€0.00	€0.00	€0.00	€45,000.00	-€45,000.00	€0.00	€0.00	€0.00	€3,361.06	€3,361.06
III. Reserve Funds											
Emergency Fund	€924,727.89	€0.00	€924,727.89	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€924,727.89
Unemployment Fund	€16,463.30	€0.00	€16,463.30	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€16,463.30
Total	€941,191.19	€0.00	€941,191.19	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€941,191.19
TOTAL (Headings I,II,III)	€1,617,799.67	€0.00	€1,617,799.67	€0.00	€45,000.00	-€45,000.00	€0.00	€0.00	€0.00	€3,361.06	€1,621,160.73
IV. ANNUAL BUDGET											
Allocation from prior year return on investmer	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00
Update of the budget	€0.00	€31,753.86	€31,753.86	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00
Allocation of Prior Year surplus	€31,753.86	-€31,753.86	€0.00	€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	€3,750,425.00	€31,753.86	€41,638.94	€3,823,817.80	€3,811,442.27	€6,820.33	€0.00	€19,195.86
TOTAL (Heading IV)	€31,753.86	€0.00	€31,753.86	€3,750,425.00	€31,753.86	€41,638.94	€3,823,817.80	€3,811,442.27	€6,820.33	€0.00	€19,195.86
GRAND TOTAL (Headings I, II, III, IV)	€1,649,553.53	€0.00	€1,649,553.53	€3,750,425.00	€76,753.86	-€3,361.06	€3,823,817.80	€3,811,442.27	€6,820.33		€1,640,356.59
- see Income and expenditure table for details											

Revised Budget 2014	Expenses 2014	Revised Budget 2015	Expenses 2015	Saving	% Rev. Budget	
BREAKDOWN OF EXPENDITURE FOR FINANCIAL YEAR 2015						
CHAPTER 1 - PERSONNEL COSTS						
€2,092,145.00	€2,092,141.68	€2,059,125.00	€2,053,307.77	€5,817.23	99.72%	Article 1 - Gross Salaries
€481,400.00	€481,318.48	€461,500.00	€460,486.55	€1,013.45	99.78%	Article 2 - Additional salary costs
€46,128.32	€46,124.70	€8,150.00	€8,131.44	€18.56	99.77%	Article 3 - Recruitment expenses
€43,600.00	€43,362.68	€50,600.00	€50,529.11	€70.89	99.86%	Article 4 - Expenditure related to staff
€9,000.00	€8,694.95	€26,900.00	€26,736.53	€163.47	99.39%	Article 5 - External consultants and temporary staff
€0.00	€0.00	€0.00	€0.00	€0.00	0.00%	Article 6 - Financial control and advice
€480.00	€358.31	€450.00	€417.38	€32.62	92.75%	Article 7 - Legal advisers
€73,690.00	€73,107.65	€75,000.00	€74,014.42	€985.58	98.69%	Article 8 - Research assistants programme
€2,746,443.32	€2,745,108.45	€2,681,725.00	€2,673,623.20	€8,101.80	99.70%	TOTAL CHAPTER 1

Revised Budget 2014	Expenses 2014	Revised Budget 2015	Expenses 2015	Saving	% Rev. Budget	
CHAPTER 2 - OPERATING COSTS						
€94,300.00	€94,207.21	€106,750.00	€106,731.64	€18.36	99.98%	Article 1 - Expenditure on headquarters
€6,300.00	€6,250.68	€6,400.00	€6,327.28	€72.72	98.86%	Article 2 - Insurances
€14,200.00	€14,161.92	€13,150.00	€13,129.89	€20.11	99.85%	Article 3 - Contracts concerning security
€12,900.00	€12,857.23	€12,200.00	€12,141.77	€58.23	99.52%	Article 4 - Postage and telephone costs
€11,600.00	€11,529.06	€12,100.00	€12,029.08	€70.92	99.41%	Article 5 - Administration costs and office supplies
€10,400.00	€10,339.25	€8,150.00	€8,126.76	€23.24	99.71%	Article 6 - Small office equipment and furniture
€11,620.00	€11,534.75	€9,000.00	€8,917.56	€82.44	99.08%	Article 7 - Renting and maintenance of photocopiers
€43,700.00	€42,893.62	€43,590.00	€43,511.56	€78.44	99.82%	Article 8 - Computer equipment
€5,000.00	€4,710.97	€7,600.00	€7,565.85	€34.15	99.55%	Article 9 - Transport
€123,780.00	€123,779.95	€90,000.00	€89,862.74	€137.26	99.85%	Article 10 - Documents
€24,900.00	€24,694.16	€27,850.00	€27,836.64	€13.36	99.95%	Article 11 - Library
€17,100.00	€17,061.81	€17,910.00	€17,903.08	€6.92	99.96%	Article 12 - Representation, hospitality, receptions
€375,800.00	€374,020.61	€354,700.00	€354,083.85	€616.15	99.83%	TOTAL CHAPTER 2

Revised Budget 2014	Expenses 2014	Revised Budget 2015	Expenses 2015	Saving	% Rev. Budget	
						CHAPTER 3 - SESSIONS
€14,650.00	€14,393.07	€17,000.00	€16,942.48	€57.52	99.66%	Article 1 - Standing Committee meeting - March 2015 - London
€135,350.00	€135,307.27	€124,700.00	€124,052.31	€647.69	99.48%	Article 2 - Spring Session - May 2015 - Budapest
€157,500.00	€157,219.64	€198,000.00	€195,512.27	€2,487.73	98.74%	Article 3 - Annual Session - October 2015 - Stavanger
€5,850.00	€5,817.92	€3,700.00	€3,624.59	€75.41	97.96%	Article 4 - Joint Meeting - The Hotel - February 2015 - Brussels
€31,650.00	€31,644.37	€33,100.00	€33,077.18	€22.82	99.93%	Article 5 - Preparation of future sessions
€345,000.00	€344,382.27	€376,500.00	€373,208.83	€3,291.17	99.13%	TOTAL CHAPTER 3

Revised Budget 2014	Expenses 2014	Revised Budget 2015	Expenses 2015	Saving	% Rev. Budget	
CHAPTER 4 - MISSIONS, SEMINARS AND EXTERNAL RELATIONS						
€10,500.00	€10,310.83	€16,010.00	€16,006.00	€4.00	99.98%	Article 1 - Committee on the Civil Dimension of Security
€26,000.00	€25,845.71	€12,650.00	€12,639.00	€11.00	99.91%	Article 2 - Defence and Security Committee
€18,600.00	€18,591.78	€16,720.00	€16,701.94	€18.06	99.89%	Article 3 - Economics and Security Committee
€14,000.00	€13,570.78	€21,080.00	€21,075.63	€4.37	99.98%	Article 4 - Political Committee
€16,500.00	€16,358.78	€16,540.00	€16,537.60	€2.40	99.99%	Article 5 - Science and Technology Committee
€11,100.00	€11,002.86	€6,350.00	€6,311.27	€38.73	99.39%	Article 6 - Any additional meeting
€75,069.58	€68,353.52	€79,719.73	€79,628.83	€90.90	99.89%	Article 7 - Rose-Roth and Outreach programme
€13,000.00	€12,826.42	€19,350.00	€19,213.70	€136.30	99.30%	Article 8 - Mediterranean and Middle East Special Group seminars
€12,500.00	€11,231.24	€12,600.00	€12,595.58	€4.42	99.96%	Article 9 - Transatlantic seminar
€100,230.42	€100,201.89	€120,304.21	€120,301.80	€2.41	100.00%	Article 10 - Interpretation costs for all meetings

Revised Budget 2014	Expenses 2014	Revised Budget 2015	Expenses 2015	Saving	% Rev. Budget	
€0.00	€0.00	€18,000.00	€17,970.56	€29.44	0.00%	Article 11 - Press and Communication
€2,500.00	€107.65	€0.00	€0.00	€0.00	0.00%	Article 12 - President
€18,000.00	€17,707.70	€31,500.00	€31,492.25	€7.75	99.98%	Article 13 - Secretary General
€20,000.00	€17,375.07	€14,700.00	€14,684.69	€15.31	99.90%	Article 14 - Deputy Secretaries General
€0.00	€0.00	€25,368.86	€25,367.54	€1.32	99.99%	Article 15 - NATO PA 60th Anniversary
€338,000.00	€323,484.23	€410,892.80	€410,526.39	€366.41	99.91%	TOTAL CHAPTER 4
€3,805,243.32	€3,786,995.56	€3,823,817.80	€3,811,442.27	€12,375.53	99.68%	GRAND TOTAL

National contributions

Member Country	Contribution	Received	
		Date	€
Albania	€3,218	13/05/2015	€3,218
Belgium	€74,483	18/03/2015	€74,483
Bulgaria	€12,010	19/05/2015	€12,010
Canada	€225,314	23/01/2015	€225,314
Croatia	€11,341	29/05/2015	€11,341
Czech Republic	€34,847	10/02/2015	€24,891
		02/04/2015	€9,956
Denmark	€44,804	05/01/2015	€44,804
Estonia	€3,721	15/06/2015	€3,721
France	€412,127	19/01/2015	€251,855
		19/02/2015	€160,272
Germany	€536,526	06/01/2015	€89,421
		15/01/2015	€178,842
		15/06/2015	€178,842
		01/07/2015	€89,421
Greece	€40,794	07/09/2015	€40,794
Hungary	€25,836	07/04/2015	€25,836
Iceland	€1,591	29/01/2015	€1,591
Italy	€322,722	21/04/2015	€322,722
Latvia	€5,115	10/03/2015	€5,115
Lithuania	€7,886	29/01/2015	€7,886
Luxembourg	€5,641	20/01/2015	€5,641
Netherlands	€120,386	28/05/2015	€120,386
Norway	€57,280	17/02/2015	€57,280
Poland	€97,438	25/06/2015	€97,438
Portugal	€35,128	20/02/2015	€35,128
Romania	€39,034	27/04/2015	€39,034
Slovakia	€16,752	10/12/2014	€16,752
Slovenia	€8,137	08/01/2015	€8,137
Spain	€193,781	02/03/2015	€193,781
Turkey	€152,780	08/06/2015	€152,780
United Kingdom	€406,031	10/12/2014	€406,031
United States	€804,102	25/05/2015	€804,102
NATO Subsidy	€51,600	27/05/2015	€51,600
Total	€3,750,425		€3,750,425

1) within the budget

	Chapter/Article	Transfer	Balance after transfer
FROM	Chapter 1 - Art. 2 Additional Salary costs €471,000.00	- €9,500.00	€461,500.00
FROM	Chapter 1 - Art. 4 Expenditure related to staff €53,000.00	- €2,400.00	€50,600.00
TO	Chapter 1 - Art. 5 Temporary staff and consultants €15,000.00	+ €11,900.00	€26,900.00
FROM	Chapter 1 - Art. 3 Recruitment Expenditure €15,000.00	- €6,850.00	€8,150.00
FROM	Chapter 1 - Art. 7 Legal advisers €3,500.00	- €3,050.00	€450.00
FROM	Chapter 2 - Art. 2 Insurances €7,500.00	- €1,100.00	€6,400.00
FROM	Chapter 2 - Art. 5 Administration cost and office supplies €16,500.00	- €4,400.00	€12,100.00
FROM	Chapter 2 - Art. 6 Small office equipment and furniture €11,500.00	- €3,350.00	€8,150.00
FROM	Chapter 2 - Art. 7 Photocopiers €14,000.00	- €5,000.00	€9,000.00
FROM	Chapter 2 - Art. 9 Transport €14,600.00	- €7,000.00	€7,600.00
FROM	Chapter 2 - Art. 10 Documents €100,000.00	- €10,000.00	€90,000.00
TO	Chapter 2 - Art. 1 Expenditure on Headquarters €66,000.00	+ €40,750.00	€106,750.00
FROM	Chapter 2 - Art. 4 Postage, facsimile, telephone €15,000.00	- €2,800.00	€12,200.00
FROM	Chapter 2 - Art. 8 Computer Equipment €43,700.00	- €110.00	€43,590.00
TO	Chapter 2 - Art. 12 Representation, hospitality €15,000.00	+ €2,910.00	€17,910.00

	Chapter/Article	Transfer	Balance after transfer
FROM	Chapter 2 - Art. 3 Contract concerning security €14,000.00	- €850.00	€13,150.00
TO	Chapter 2 - Art. 11 Library €27,000.00	+ €850.00	€27,850.00
FROM	Chapter 3 - Art. 2 Spring Session €135,000.00	- €10,300.00	€124,700.00
TO	Chapter 3 - Art. 1 Standing Committee €15,000.00	+ €2,000.00	€17,000.00
TO	Chapter 3 - Art. 5 Preparation of future sessions €30,000.00	+ €300.00	€30,300.00
TO	Chapter 4 - Art. 10 Interpretation Cost €80,000.00	+ €8,000.00	€88,000.00
FROM	Chapter 3 - Art. 4 Joint Committee Meeting - February €6,500.00	- €2,800.00	€3,700.00
TO	Chapter 3 - Art. 5 Preparation of future sessions €30,300.00	+ €2,800.00	€33,100.00
FROM	Chapter 3 - Art. 3 Annual Session €205,000.00	- €7,000.00	€198,000.00
TO	Chapter 4 - Art. 10 Interpretation Cost €88,000.00	+ €7,000.00	€95,000.00
FROM	Chapter 4 - Art. 2 Defence and Security Committee €18,000.00	- €5,350.00	€12,650.00
TO	Chapter 4 - Art. 1 Committee on the Civil Dimension of Security €13,500.00	+ €2,510.00	€16,010.00
TO	Chapter 4 - Art. 5 Science and Technology Committee €13,500.00	+ €2,840.00	€16,340.00
FROM	Chapter 4 - Art. 3 Economic and Security Committee €18,000.00	- €1,280.00	€16,720.00
FROM	Chapter 4 - Art. 12 President €2,500.00	- €1,800.00	€700.00
TO	Chapter 4 - Art. 4 Political Committee €18,000.00	+ €3,080.00	€21,080.00

	Chapter/Article	Transfer	Balance after transfer
FROM	Chapter 4 - Art. 14 Deputy Secretary General €20,000.00	- €5,300.00	€14,700.00
FROM	Chapter 4 - Art. 12 President €700.00	- €700.00	€0.00
TO	Chapter 4 - Art. 13 Secretary General €25,500.00	+ €6,000.00	€31,500.00
FROM	Chapter 4 - Art. 8 Mediterranean and Middle East Special Group €20,000.00	- €650.00	€19,350.00
TO	Chapter 4 - Art. 5 Science and Technology Committee €16,340.00	+ €200.00	€16,540.00
TO	Chapter 4 - Art. 6 Any Additional Meeting €6,000.00	+ €350.00	€6,350.00
TO	Chapter 4 - Art. 9 Transatlantic Forum €12,500.00	+ €100.00	€12,600.00
FROM	Chapter 4 - Art. 7 Rose-Roth and Outreach Programme €75,000.00	- €28,415.00	€46,585.00
TO	Chapter 4 - Art. 10 Interpretation Cost €95,000.00	+ €16,800.00	€111,800.00
TO	Chapter 4 - Art. 11 Press and Communication €10,000.00	+ €8,000.00	€18,000.00
TO	Chapter 4 - Art. 15 NATO PA 60th Anniversary €21,753.86	+ €3,615.00	€25,368.86

2) from external funding

	Swiss MOD Funding	€45,000.00	
TO	Chapter 4 - Art. 7 Rose-Roth and Outreach Programme €46,585.00	+ €33,134.73	€79,719.73
TO	Chapter 4 - Art. 10 Interpretation Cost €111,800.00	+ €8,504.21	€120,304.21
TO	TRANSFER TO 2016 BUDGET	€3,361.06	