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Original: English



NATO PARLIAMENTARY ASSEMBLY

Abridged version of the

AUDITED FINANCIAL STATEMENTS (014 FIN 10 E bis fin)

AT 31st DECEMBER 2009

(in euros)

Adopted by the Plenary Assembly on Tuesday 1st June 2010

International Secretariat

June 2010

Statement of Financial Performance at 31st December 2009

| | INCOME | | EXPENDITURE | |
|--|------------------|------------------|--|------------------|
| | 2009 | 2008 | 2009 | 2008 |
| ANNUAL BUDGET | | | | |
| Contributions | | | | |
| Contributions from Member Countries | 3,667,650 | 3,412,000 | | |
| Contributions from NATO | 55,000 | 55,000 | | |
| | <u>3,722,650</u> | <u>3,467,000</u> | | |
| Financed By Provisions and Prior Year Surplus | | | | |
| Financed from Prior Year Surplus | 0 | 40,000 | | |
| Update of the budget | 0 | 70,500 | | |
| Use of provisions | 0 | 55,692 | | |
| | <u>0</u> | <u>166,192</u> | | |
| Funding Outreach Programme | | | | |
| Voluntary contribution Danish delegation | 3,000 | 0 | | |
| Voluntary contribution Luxembourg delegation | 4,939 | 0 | | |
| NATO | 16,929 | 11,377 | | |
| Swiss Ministry of Defence | 65,000 | 107,091 | | |
| | <u>89,869</u> | <u>118,468</u> | | |
| Total Budget for the Year | <u>3,812,519</u> | <u>3,751,660</u> | | |
| Other Income | | | | |
| Special Contribution - NATO | 200 | 200 | | |
| Investment Income | 16,836 | 53,094 | | |
| Interest on Term Deposits | 6,870 | 47,538 | | |
| Gains (Losses) on Exchange | -4,359 | -306 | | |
| Other Income | 1,693 | 3,427 | | |
| | <u>21,240</u> | <u>103,953</u> | | |
| Total Income | <u>3,833,758</u> | <u>3,855,613</u> | | |
| | | | Total Expenditure | 3,729,870 |
| | | | Excess of Receipts over Expenditure | 125,743 |
| | | | | <u>3,497,734</u> |
| | | | | <u>3,729,870</u> |
| | | | | 2,624,375 |
| | | | | 361,772 |
| | | | | 424,575 |
| | | | | 319,148 |

Statement of Reserve funds and Provisions at 31st December 2009

| | Opening Balances | Approved allocations | Revised Balances | Current Year Contributions | Transferred to Current Year Budget | Current Year Budget Expenditure | Other Income | Ending Balance |
|---|------------------|----------------------|------------------|----------------------------|------------------------------------|---------------------------------|---------------|------------------|
| I. Provisions | | | | | | | | |
| Provision Chapter 1 | 13,516 | 55,743 | 69,259 | 0 | 0 | 0 | 0 | 69,259 |
| Provision Chapter 2 | 72,426 | 0 | 72,426 | 0 | 0 | 0 | 0 | 72,426 |
| Provision Chapter 3 | 41,750 | 0 | 41,750 | 0 | 0 | 0 | 0 | 41,750 |
| Provision Chapter 4 | 148,610 | 0 | 148,610 | 8,898 | 0 | 0 | 0 | 157,508 |
| Total | 276,303 | 55,743 | 332,046 | 8,898 | 0 | 0 | 0 | 340,944 |
| II. Special Purpose Contributions | | | | | | | | |
| Rose-Roth Programme - Swiss MOD funds | 5,000 | 0 | 5,000 | 60,000 | -65,000 | 0 | 0 | 0 |
| Rose-Roth Programme - NATO funds | 0 | 0 | 0 | 16,929 | -16,929 | 0 | 0 | 0 |
| Rose-Roth Programme - Denmark funds | 0 | 0 | 0 | 3,000 | -3,000 | 0 | 0 | 0 |
| Rose-Roth Programme - Luxembourg funds | 0 | 0 | 0 | 16,000 | -4,939 | 0 | 0 | 11,061 |
| Total | 5,000 | 0 | 5,000 | 95,929 | -89,869 | 0 | 0 | 11,061 |
| III. Reserve Funds | | | | | | | | |
| Emergency Fund | 707,873 | 70,000 | 777,873 | 0 | 0 | 0 | 0 | 777,873 |
| Unemployment Fund | 16,463 | 0 | 16,463 | 0 | 0 | 0 | 0 | 16,463 |
| Total | 724,336 | 70,000 | 794,336 | 0 | 0 | 0 | 0 | 794,336 |
| TOTAL (Headings I, II, III) | 1,005,639 | 125,743 | 1,131,382 | 104,827 | -89,869 | 0 | 0 | 1,146,341 |
| IV. ANNUAL BUDGET | | | | | | | | |
| Allocation from prior year return on investment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Update of the budget | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Allocation of Prior Year surplus | 125,743 | -125,743 | 0 | 0 | 0 | 0 | 0 | 0 |
| Current Year Operations - Normal Budget | 0 | 0 | 0 | 3,722,650 | 89,869 | 3,497,734 | 21,240 | 336,024 |
| TOTAL (Heading IV) | 125,743 | -125,743 | 0 | 3,722,650 | 89,869 | 3,497,734 | 21,240 | 336,024 |
| GRAND TOTAL (Headings I, II, III, IV) | 1,131,382 | 0 | 1,131,382 | 3,827,477 | 0 | 3,497,734 | 21,240 | 1,482,365 |

- see income and expenditure table for details

| Revised Budget 2008 | Expenses 2008 | Revised Budget 2009 | Expenses 2009 | Saving | % Rev. Budget |
|---------------------|---------------|---------------------|---------------|--------|---------------|
|---------------------|---------------|---------------------|---------------|--------|---------------|

BREAKDOWN OF EXPENDITURE FOR FINANCIAL YEAR 2009

CHAPTER 1 - PERSONNEL COSTS

| | | | | | | |
|------------------|------------------|------------------|------------------|----------------|------------|---|
| 1,963,794 | 1,963,794 | 1,922,337 | 1,838,062 | 84,275 | 96% | Article 1 - Gross Salaries |
| 446,000 | 445,976 | 458,500 | 429,930 | 28,570 | 94% | Article 2 - Additional salary costs |
| 25,407 | 25,407 | 22,600 | 21,892 | 708 | 97% | Article 3 - Recruitment expenses |
| 42,500 | 42,297 | 51,000 | 50,555 | 445 | 99% | Article 4 - Expenditure related to staff |
| 79,150 | 79,128 | 47,000 | 43,820 | 3,180 | 93% | Article 5 - External consultants and temporary staff |
| 0 | 0 | 0 | 0 | 0 | 0% | Article 6 - Financial control and advice |
| 3,350 | 3,306 | 2,500 | 2,284 | 216 | 91% | Article 7 - Legal advisers |
| 65,000 | 64,467 | 75,000 | 71,736 | 3,264 | 96% | Article 8 - Research assistants programme |
| 2,625,201 | 2,624,375 | 2,578,937 | 2,458,278 | 120,659 | 95% | TOTAL CHAPTER 1 |

| Revised Budget 2008 | Expenses 2008 | Revised Budget 2009 | Expenses 2009 | Saving | % Rev. Budget |
|---------------------|---------------|---------------------|---------------|--------|---------------|
|---------------------|---------------|---------------------|---------------|--------|---------------|

CHAPTER 2 - OPERATING COSTS

| | | | | | | |
|----------------|----------------|----------------|----------------|---------------|------------|---|
| 79,100 | 79,056 | 114,250 | 111,800 | 2,450 | 98% | <i>Article 1 - Expenditure on headquarters</i> |
| 7,500 | 7,010 | 7,500 | 6,208 | 1,292 | 83% | <i>Article 2 - Insurances</i> |
| 12,500 | 12,017 | 13,500 | 12,785 | 715 | 95% | <i>Article 3 - Contracts concerning security</i> |
| 17,900 | 17,728 | 21,000 | 14,992 | 6,008 | 71% | <i>Article 4 - Postage, facsimile, telephone</i> |
| 22,000 | 20,918 | 26,000 | 23,046 | 2,954 | 89% | <i>Article 5 - Administration costs and office supplies</i> |
| 10,000 | 9,948 | 11,500 | 7,039 | 4,461 | 61% | <i>Article 6 - Small office equipment and furniture</i> |
| 36,000 | 35,961 | 35,000 | 29,042 | 5,958 | 83% | <i>Article 7 - Renting and maintenance of photocopiers</i> |
| 38,700 | 37,823 | 38,700 | 37,108 | 1,592 | 96% | <i>Article 8 - Computer equipment</i> |
| 8,600 | 7,841 | 11,100 | 10,329 | 771 | 93% | <i>Article 9 - Transport</i> |
| 92,500 | 92,395 | 94,000 | 89,254 | 4,746 | 95% | <i>Article 10 - Documents</i> |
| 27,000 | 26,862 | 29,000 | 27,652 | 1,348 | 95% | <i>Article 11 - Library</i> |
| 17,000 | 14,215 | 18,000 | 14,044 | 3,956 | 78% | <i>Article 12 - Representation, hospitality, receptions</i> |
| 368,800 | 361,772 | 419,550 | 383,299 | 36,251 | 91% | TOTAL CHAPTER 2 |

| Revised Budget 2008 | Expenses 2008 | Revised Budget 2009 | Expenses 2009 | Saving | % Rev. Budget |
|---------------------|----------------|---------------------|----------------|---------------|---------------|
| 13,000 | 11,345 | 14,650 | 14,588 | 62 | 100% |
| 146,900 | 143,157 | 165,000 | 147,680 | 17,320 | 90% |
| 225,000 | 223,358 | 226,500 | 190,463 | 36,037 | 84% |
| 19,500 | 18,696 | 14,350 | 14,322 | 28 | 100% |
| 28,100 | 28,019 | 20,000 | 9,704 | 10,296 | 49% |
| 432,500 | 424,575 | 440,500 | 376,757 | 63,743 | 86% |

CHAPTER 3 - SESSIONS

Article 1 - Standing Committee meeting - April 2009 - Vilnius

Article 2 - Spring Session - May 2009 - Oslo

Article 3 - Annual Session - November 2009 - Edinburgh

Article 4 - Joint Meeting - Palais d'Egmont - February - Brussels

Article 5 - Preparation of future sessions

TOTAL CHAPTER 3

| Revised Budget 2008 | Expenses 2008 | Revised Budget 2009 | Expenses 2009 | Saving | % Rev. Budget |
|---------------------|---------------|---------------------|---------------|---------|---------------|
| 8,600 | 8,400 | 14,500 | 14,351 | 149 | 99% |
| 20,500 | 20,355 | 18,000 | 15,388 | 2,612 | 85% |
| 16,000 | 15,557 | 17,000 | 14,010 | 2,990 | 82% |
| 16,000 | 15,699 | 16,500 | 11,696 | 4,804 | 71% |
| 9,000 | 8,538 | 13,500 | 12,459 | 1,041 | 92% |
| 1,500 | 1,482 | 6,000 | 5,988 | 12 | 100% |
| 85,353 | 85,353 | 99,744 | 68,154 | 31,590 | 68% |
| 26,900 | 26,878 | 25,000 | 16,347 | 8,653 | 65% |
| 10,500 | 10,199 | 15,000 | 9,459 | 5,541 | 63% |
| 83,206 | 82,977 | 100,287 | 77,340 | 22,947 | 77% |
| 2,500 | 0 | 2,500 | 0 | 2,500 | 0% |
| 0 | 0 | 0 | 0 | 0 | 0% |
| 28,500 | 27,655 | 25,500 | 18,894 | 6,606 | 74% |
| 16,600 | 16,054 | 20,000 | 15,313 | 4,687 | 77% |
| 325,159 | 319,148 | 373,532 | 279,400 | 94,131 | 75% |
| 3,751,660 | 3,729,870 | 3,812,519 | 3,497,734 | 314,785 | 92% |

CHAPTER 4 - MISSIONS, SEMINARS AND EXTERNAL RELATIONS

Article 1 - Committee on the Civil Dimension of Security

Article 2 - Defence and Security Committee

Article 3 - Economics and Security Committee

Article 4 - Political Committee

Article 5 - Science and Technology Committee

Article 6 - Any additional meeting

Article 7 - Rose-Roth and Outreach programme

Article 8 - Mediterranean and Middle East Special Group seminars

Article 9 - Transatlantic seminar

Article 10 - Interpretation costs for all meetings

Article 11 - President

Article 12 - Treasurer

Article 13 - Secretary General

Article 14 - Deputy Secretaries General

TOTAL CHAPTER 4

GRAND TOTAL

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

Note 4: Contributions and Contributions Receivable

| Member Country | Contribution | Received | |
|----------------|--------------|-----------|-----------|
| | | Date | € |
| Belgium | 86,373 | 25-Jun-09 | 86,373 |
| Bulgaria | 11,692 | 7-May-09 | 11,692 |
| Canada | 211,517 | 8-Jan-09 | 211,517 |
| Czech Republic | 32,382 | 13-Mar-09 | 16,522 |
| | | 18-Mar-09 | 9,224 |
| | | 18-Mar-09 | 6,608 |
| | | 23-May-09 | 28 |
| Denmark | 48,582 | 11-Dec-08 | 48,582 |
| Estonia | 3,745 | 19-Jan-09 | 3,745 |
| France | 477,766 | 16-Oct-09 | 477,766 |
| Germany | 560,450 | 2-Jan-09 | 186,817 |
| | | 5-Feb-09 | 186,817 |
| | | 18-Jun-09 | 186,817 |
| Greece | 23,840 | 27-Aug-09 | 23,840 |
| Hungary | 24,573 | 19-Feb-09 | 24,573 |
| Iceland | 2,409 | 28-Jan-09 | 2,409 |
| Italy | 275,074 | 27-May-09 | 275,074 |
| Latvia | 4,918 | 12-Mar-09 | 4,918 |
| Lithuania | 7,504 | 5-Dec-08 | 7,504 |
| Luxembourg | 4,585 | 21-Jan-09 | 4,585 |
| Netherlands | 117,236 | 29-Apr-09 | 117,236 |
| Norway | 47,023 | 21-Oct-09 | 47,023 |
| Poland | 87,224 | 2-Mar-09 | 87,224 |
| Portugal | 29,341 | 16-Apr-09 | 29,341 |
| Romania | 37,007 | 5-May-09 | 37,007 |
| Slovakia | 15,474 | 3-Mar-09 | 15,474 |
| Slovenia | 9,019 | 16-Feb-09 | 9,019 |
| Spain | 158,065 | 3-Mar-09 | 158,065 |
| Turkey | 73,353 | 27-Mar-09 | 73,353 |
| United Kingdom | 518,584 | 21-Jan-09 | 518,584 |
| United States | 799,914 | 26-May-09 | 799,914 |
| | | | |
| NATO | 55,200 | 20-Feb-09 | 55,200 |
| | | | |
| Total | 3,722,850 | | 3,722,850 |

1) within the budget

| | Chapter/Article | Transfer | Balance after transfer |
|-------------|---|----------|------------------------|
| FROM | Chapter 1 - Art. 1 Gross Salaries 1,957,500 | - 40,000 | 1,917,500 |
| FROM | Chapter 2 - Art. 4 Postage, facsimile, telephone 26,000 | - 5,000 | 21,000 |
| FROM | Chapter 2 - Art. 9 Transport 14,600 | - 3,500 | 11,100 |
| TO | Chapter 2 - Art. 1 Expenditure on headquarters 65,750 | + 48,500 | 114,250 |
| FROM | Chapter 1 - Art. 5 External consultants and temporary staff 50,000 | - 3,000 | 47,000 |
| TO | Chapter 1 - Art. 3 Recruitment expenses 17,600 | + 3,000 | 20,600 |
| FROM | Chapter 1 - Art. 8 Research Assistants programme 77,000 | - 2,000 | 75,000 |
| TO | Chapter 1 - Art. 3 Recruitment expenses 20,600 | + 2,000 | 22,600 |
| FROM | Chapter 3 - Art. 1 Standing Committee meeting 15,000 | - 350 | 14,650 |
| TO | Chapter 3 - Art. 4 February Meetings 14,000 | + 350 | 14,350 |
| FROM | Chapter 4 - Art. 3 Economic and Security Committee 18,000 | - 1,000 | 17,000 |
| TO | Chapter 4 - Art. 1 Committee on the Civil Dimension of Security 13,500 | + 1,000 | 14,500 |
| FROM | Chapter 4 - Art. 4 Political Committee 18,000 | - 1,500 | 16,500 |
| TO | Chapter 4 - Art. 6 Any additional meeting 4,500 | + 1,500 | 6,000 |

2) from external funding

| | Chapter/Article | Transfer |
|-------------|---|----------|
| FROM | DCAF Funding | - 65,000 |
| TO | Chapter 1 - Art. 1: Salaries | + 4,837 |
| TO | Chapter 4 - Art. 7: Rose-Roth Programme | + 45,726 |
| TO | Chapter 4 - Art. 10: Interpretation costs | + 14,437 |
| FROM | NATO funding | - 16,929 |
| TO | Chapter 4 - Art. 7: Rose-Roth Programme | + 11,079 |
| TO | Chapter 4 - Art. 10: Interpretation costs | + 5,850 |
| FROM | Luxemburg funding | - 4,939 |
| TO | Chapter 4 - Art. 7: Rose-Roth Programme - New Parliamentarians Programme | + 4,939 |
| FROM | Denmark funding | - 3,000 |
| TO | Chapter 4 - Art. 7: Rose-Roth Programme | + 3,000 |