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PO(2022)0125-AS1

RAPPORTS DU COLLÈGE INTERNATIONAL DES AUDITEURS EXTERNES DE L'OTAN (IBAN) SUR L'AUDIT DES ÉTATS FINANCIERS 2019 ET 2020 RECTIFIÉS DE L'ORGANISATION DE GESTION DU SYSTÈME DE DÉFENSE AÉRIENNE ÉLARGIE À MOYENNE PORTÉE DE L'OTAN (NAMEADSMO) EN LIQUIDATION

NOTE SUR LA SUITE DONNÉE

Le 24 mars 2022, au terme d'une procédure d'accord tacite, le Conseil a pris note du rapport du RPPB joint au PO(2022)0125, il a approuvé les conclusions et les recommandations qu'il contient, il a pris note des rapports de l'IBAN et il a donné son accord pour que le rapport du RPPB, les rapports de l'IBAN et les états financiers 2019 et 2020 rectifiés de la NAMEADSMO en liquidation soient rendus publics.

(signé) Jens Stoltenberg
Secrétaire général

NB : La présente note fait partie du PO(2022)0125 et doit être placée en tête de ce document.

Original : anglais

10 mars 2022

DOCUMENT
PO(2022)0125
Procédure d'accord tacite :
24 mars 2022 17:30

À : Représentants permanents (Conseil)

De : Secrétaire général

RAPPORTS DU COLLÈGE INTERNATIONAL DES AUDITEURS EXTERNES DE L'OTAN (IBAN) SUR L'AUDIT DES ÉTATS FINANCIERS 2019 ET 2020 RECTIFIÉS DE L'ORGANISATION DE GESTION DU SYSTÈME DE DÉFENSE AÉRIENNE ÉLARGIE À MOYENNE PORTÉE DE L'OTAN (NAMEADSMO) EN LIQUIDATION

1. Vous trouverez en annexe le rapport du Bureau de la planification et de la politique générale des ressources (RPPB) sur les rapports que l'IBAN a consacrés à l'audit des états financiers 2019 et 2020 rectifiés de la NAMEADSMO en liquidation. L'IBAN a émis une opinion sans réserve sur ces états financiers ainsi que sur la conformité.

2. Les rapports de l'IBAN ont été examinés par le RPPB (annexe 1).

3. Je ne pense pas que cette question doive être examinée plus avant. Par conséquent, **sauf avis contraire me parvenant d'ici au jeudi 24 mars 2022 à 17h30**, je considérerai que le Conseil aura pris note du rapport du RPPB, approuvé les conclusions et les recommandations qu'il contient, pris note des rapports de l'IBAN et donné son accord pour que le rapport du RPPB, les rapports de l'IBAN et les états financiers 2019 et 2020 rectifiés de la NAMEADSMO en liquidation soient rendus publics.

(signé) Jens Stoltenberg

1 annexe
1 pièce jointe

Original : anglais

ANNEXE 1
PO(2022)0125

RAPPORTS DU COLLÈGE INTERNATIONAL DES AUDITEURS EXTERNES DE l'OTAN (IBAN) SUR L'AUDIT DES ÉTATS FINANCIERS 2019 ET 2020 RECTIFIÉS DE L'ORGANISATION DE GESTION DU SYSTÈME DE DÉFENSE AÉRIENNE ÉLARGIE À MOYENNE PORTÉE DE L'OTAN (NAMEADSMO) EN LIQUIDATION

Rapport du Bureau de la planification et de la politique générale des ressources (RPPB)

Références :

A.	IBA-A(2021)0167	Rapport de l'IBAN sur l'audit des états financiers 2019 rectifiés de l'Organisation de gestion du système de défense aérienne élargie à moyenne portée de l'OTAN (NAMEADSMO) en liquidation
B.	IBA-A(2021)0168	Rapport de l'IBAN sur l'audit des états financiers 2020 rectifiés de l'Organisation de gestion du système de défense aérienne élargie à moyenne portée de l'OTAN (NAMEADSMO) en liquidation
C.	PO(2015)0052	Mandat issu du sommet du pays de Galles concernant la transparence et l'obligation de rendre compte

INTRODUCTION

1. Le présent rapport du RPPB concerne les rapports de l'IBAN sur l'audit des états financiers rectifiés de la NAMEADSMO en liquidation pour les exercices 2019 et 2020. L'IBAN a émis une opinion sans réserve sur ces états financiers ainsi que sur la conformité pour ces deux exercices (voir documents de référence A et B).

OBJET

2. Le présent rapport appelle l'attention sur les éléments les plus importants des rapports de l'IBAN afin que le RPPB puisse réfléchir aux questions d'ordre stratégique découlant de l'audit des états financiers des entités OTAN et, s'il y a lieu, recommander au Conseil une ligne de conduite propre à accroître la transparence, à améliorer le compte rendu et à renforcer la cohérence.

EXAMEN DE LA QUESTION

3. À l'issue de l'audit des états financiers 2019 et 2020 rectifiés de la NAMEADSMO en liquidation, l'IBAN a formulé deux observations identiques, assorties d'une recommandation, à savoir que l'entité doit renforcer les mécanismes de contrôle interne pour ce qui est de l'établissement des états financiers par l'entité agissant en tant que mandataire. Ces observations n'ont pas eu d'incidence sur l'opinion émise au sujet des états financiers rectifiés pour ces deux exercices. Dans le cadre de son audit des comptes de 2019, l'IBAN a fait le point sur les suites données aux observations et recommandations

formulées lors d’audits précédents, et il a constaté qu’il ne restait aucune question à régler. Il a fait de même dans le cadre de son audit des comptes de 2020 et il a considéré que la question ayant fait l’objet d’une observation lors de l’audit précédent était traitée dès lors qu’elle était rendue caduque par l’observation formulée pour 2020.

3.1. Observation formulée à l’issue de l’audit des états financiers 2019 de la NAMEADSMO en liquidation (rendue caduque par l’observation énoncée au paragraphe 3.2) – Au cours de son audit, l’IBAN a constaté que, dans ses états financiers de 2019, la NAMEADSMO en liquidation avait indûment présenté les charges et les produits opérationnels dans l’état de la performance financière. En effet, l’entité agit en tant que mandataire et n’aurait donc pas dû présenter ces opérations comme si elle était mandante. Par ailleurs, l’IBAN a constaté qu’une note de crédit correspondant à un trop-perçu datant de la période 2012-2015 avait été reçue et enregistrée en 2020 alors qu’elle aurait dû être enregistrée au 31 décembre 2019, selon le principe de la comptabilité d’exercice[1].

3.2. Observation formulée à l’issue de l’audit des états financiers 2020 de la NAMEADSMO en liquidation – Au cours de son audit, l’IBAN a constaté que, dans ses états financiers 2020, la NAMEADSMO en liquidation avait présenté les charges et les produits opérationnels dans l’état de la performance financière, comme si elle agissait en tant que mandante alors qu’elle agissait en tant que mandataire[2]. Le RPPB souscrit à la recommandation de l’IBAN visant à ce que la NAMEADSMO en liquidation renforce ses mécanismes de contrôle interne s'agissant de l’élaboration des états financiers, de sorte que les charges et les produits opérationnels soient présentés dans le respect des règles applicables à une situation où l’entité est mandataire.

CONCLUSIONS

4. L'IBAN a émis une opinion sans réserve sur les états financiers rectifiés de la NAMEADSMO en liquidation ainsi que sur la conformité pour les exercices 2019 et 2020. Il a formulé une même observation pour ces deux exercices, qui n'a pas eu d’incidence sur l’opinion émise. À la date de l’établissement du rapport de l’IBAN sur les états financiers 2020 rectifiés, la question ayant fait l’objet d’une observation à l’occasion de l’audit précédent était traitée, ayant été rendue caduque par l’observation formulée pour l’exercice 2020.

5. L’IBAN a recommandé dans ses deux rapports que l’entité présente ses états financiers dans le respect des règles applicables à une situation où l’entité est mandataire. Le RPPB souscrit à cette recommandation.

RECOMMANDATIONS

[1] Ces erreurs sont corrigées dans les états financiers rectifiés qui ont été soumis à l’IBAN le 19 novembre 2021.

[2] Cette erreur est corrigée dans les états financiers rectifiés qui ont été soumis à l’IBAN le 19 novembre 2021.

6. Le Bureau de la planification et de la politique générale des ressources (RPPB) recommande au Conseil :

6.1. de prendre note du présent rapport ainsi que des deux rapports de l'IBAN (documents de référence A et B) ;

6.2. d'approuver les conclusions formulées aux paragraphes 4 et 5 du présent rapport ;

6.3. d'autoriser la communication au public des états financiers 2019 et 2020 rectifiés de la NAMEADSMO en liquidation, des rapports de l'IBAN correspondants ainsi que du présent rapport, conformément à la politique agréée dans le document de référence C.

IBA-A(2021)0167
17 décembre 2021

À : Secrétaire général
(À l'attention du directeur du Cabinet)

Cc : Représentants permanents auprès de l'OTAN
Président du Comité de direction de la NAMEADSMO en liquidation
Chef du bureau du liquidateur de la NAMEADSMO en liquidation
Contrôleur des finances de la NAMEADSMO en liquidation
Président du Bureau de la planification et de la politique générale des ressources
Chef de la Branche Gestion des ressources du Bureau OTAN des ressources
Bureau d'ordre du Cabinet

Objet : ***Rapport du Collège international des auditeurs externes de l'OTAN (IBAN) sur l'audit des états financiers rectifiés de l'Organisation de gestion du système de défense aérienne élargie à moyenne portée de l'OTAN en liquidation (NAMEADSMO en liquidation) pour l'exercice clos le 31 décembre 2019 – IBA-AR(2021)0040***

Monsieur le Secrétaire général,

Vous trouverez ci-joint le rapport d'audit approuvé ainsi qu'une note succincte à l'intention du Conseil.

L'IBAN a émis une opinion sans réserve sur les états financiers rectifiés de la NAMEADSMO en liquidation ainsi que sur la conformité pour l'exercice 2019.

Veuillez agréer, Monsieur le Secrétaire général, l'assurance de ma haute considération.

Daniela Morgante
Présidente

Pièces jointes : voir ci-dessus.

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Note succincte
du Collège international des auditeurs externes de l'OTAN
à l'intention du Conseil
sur l'audit des états financiers rectifiés
de l'Organisation de gestion du système de défense aérienne élargie à moyenne portée de l'OTAN en liquidation (NAMEADSMO en liquidation)
pour l'exercice clos le 31 décembre 2019

L'IBAN a procédé à l'audit des états financiers rectifiés de la NAMEADSMO en liquidation, entité chargée de planifier, d'exécuter et d'encadrer la liquidation du programme dans le but de faire aboutir ce qui est en cours, de préserver les acquis en matière de développement et de mener à bien les activités de clôture pour le compte de ses membres.

Le total des charges de la NAMEADSMO en liquidation pour 2019 s'élève à 757 650 euros.

L'IBAN a émis une opinion sans réserve sur les états financiers rectifiés ainsi que sur la conformité pour l'exercice clos le 31 décembre 2019.

L'IBAN a formulé une observation, assortie d'une recommandation, qui n'a pas eu d'incidence sur l'opinion émise au sujet des états financiers rectifiés ni de la conformité. Cette observation est la suivante :

1. Nécessité de renforcer les mécanismes de contrôle interne pour ce qui est de l'établissement des états financiers par l'entité agissant en tant que mandataire

L'IBAN a fait le point sur les suites données aux observations et recommandations formulées lors d'audits précédents, et il a constaté qu'il ne restait aucune question à régler.

Le rapport d'audit a été transmis à la NAMEADSMO en liquidation, dont les commentaires ont ensuite été intégrés dans le document ainsi que, le cas échéant, la position de l'IBAN à leur sujet.

IBA-AR(2021)0040

17 décembre 2021

COLLÈGE INTERNATIONAL DES AUDITEURS EXTERNES DE L'OTAN

RAPPORT SUR L'AUDIT DES ÉTATS FINANCIERS RECTIFIÉS

DE L'ORGANISATION DE GESTION DU SYSTÈME DE DÉFENSE AÉRIENNE ÉLARGIE À MOYENNE PORTÉE DE L'OTAN EN LIQUIDATION

(NAMEADSMO EN LIQUIDATION)

POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2019

OPINION DE L'AUDITEUR EXTERNE À L'INTENTION DU CONSEIL DE L'ATLANTIQUE NORD

Audit des états financiers

Opinion sur les états financiers

Le Collège international des auditeurs externes de l'OTAN (IBAN) a audité les états financiers rectifiés de la NAMEADSMO en liquidation portant sur la période de 12 mois ayant pris fin le 31 décembre 2019. Diffusés sous la cote GM-5006-38046-OM et soumis à l'IBAN le 19 novembre 2021, ces états financiers se composent de l'état de la situation financière au 31 décembre 2019, de l'état de la performance financière, de l'état des variations de l'actif net/situation nette et du tableau des flux de trésorerie pour la période de 12 mois ayant pris fin le 31 décembre 2019, ainsi que d'un résumé des méthodes comptables importantes et d'autres notes explicatives. Ils contiennent en outre un rapport sur l'exécution du budget portant sur la même période de 12 mois.

L'opinion de l'IBAN est que les états financiers rectifiés donnent une image fidèle et exacte de la situation financière de la NAMEADSMO en liquidation au 31 décembre 2019 ainsi que de sa performance financière, de ses flux de trésorerie et de l'exécution du budget pour la période de 12 mois ayant pris fin à cette date, en application des dispositions comptables et des normes de compte rendu du cadre comptable OTAN.

Justification de l'opinion émise sur les états financiers

Le Règlement financier de l'OTAN prévoit que l'audit externe des entités OTAN présentant des états financiers et des organismes OTAN établis en vertu du Traité de l'Atlantique Nord est effectué par l'IBAN.

L'IBAN a effectué son audit sur la base des normes internationales des institutions supérieures de contrôle des finances publiques (ISSAI 2200-2899), définies par l'Organisation internationale des institutions supérieures de contrôle des finances publiques (INTOSAI), ainsi que des dispositions complémentaires figurant dans sa propre charte.

L'IBAN est indépendant, ainsi que le prévoit le Code de déontologie de l'INTOSAI, et il s'est acquitté de ses responsabilités dans le respect des dispositions de ce code. Les responsabilités des membres de l'IBAN sont décrites de manière plus détaillée dans la section « Responsabilités de l'IBAN concernant l'audit des états financiers » et dans sa charte.

L'IBAN estime qu'il a obtenu par son audit les éléments probants nécessaires et suffisants pour lui permettre de formuler une opinion.

Responsabilité de la direction concernant les états financiers

La responsabilité de la direction concernant les états financiers est définie dans le Règlement financier de l'OTAN. Les états financiers de la NAMEADSMO en liquidation sont établis en application des dispositions comptables et des normes de compte rendu du cadre comptable OTAN tel qu'approuvé par le Conseil. Il incombe au contrôleur des finances de soumettre les états financiers à l'IBAN au plus tard le 31 mars qui suit la fin de l'exercice visé dans les états financiers.

Les états financiers sont signés par le chef de l'entité OTAN concernée et par le contrôleur des finances. En apposant leur signature sur ces documents, ceux-ci confirment que des mesures de gouvernance financière, des mécanismes de gestion des ressources, des contrôles internes et des systèmes d'information financière ont été mis en place et maintenus afin de garantir une utilisation efficace et efficiente des ressources.

Cette confirmation couvre l'élaboration, la mise en place et le maintien d'un ensemble de contrôles internes de nature à permettre l'établissement et la présentation d'états financiers qui soient auditables et exempts d'inexactitudes significatives, que celles-ci relèvent d'une fraude ou d'une erreur. Elle couvre aussi le compte rendu relatif à la capacité de l'entité à poursuivre son activité, la présentation, le cas échéant, des questions relatives à la continuité de l'activité, et l'application du principe comptable de continuité d'activité, à moins qu'il soit prévu de liquider l'entité ou de mettre un terme à son activité ou qu'il n'y ait pas moyen de faire autrement.

Responsabilités de l'IBAN concernant l'audit des états financiers

L'audit a pour objectif de permettre à l'IBAN d'obtenir une assurance raisonnable sur le point de savoir si les états financiers considérés dans leur ensemble sont exempts d'inexactitudes significatives, que celles-ci relèvent d'une fraude ou d'une erreur, et de formuler une opinion à leur sujet. L'assurance raisonnable correspond à un degré de certitude élevé, mais elle ne garantit pas qu'un audit effectué conformément aux ISSAI permettra dans tous les cas de détecter les inexactitudes significatives. Les inexactitudes, qui peuvent résulter d'une fraude ou d'une erreur, sont considérées comme significatives lorsque l'on peut raisonnablement s'attendre à ce que, considérées isolément ou collectivement, elles influent sur les décisions économiques que les utilisateurs des états financiers prennent en se fondant sur ceux-ci.

Dans le cadre d'audits effectués conformément aux ISSAI, les auditeurs font appel à leur jugement professionnel et à leur esprit critique tout au long de la planification et de la réalisation du travail. Cela nécessite de tenir compte des particularités que présentent les entités du secteur public. L'IBAN s'attache aussi :

- à recenser et à évaluer les risques d'inexactitudes significatives dans les états financiers, que celles-ci relèvent d'une fraude ou d'une erreur, à concevoir et à mettre en œuvre des procédures d'audit sensibles à ces risques ainsi qu'à obtenir par son audit les éléments probants nécessaires et suffisants pour lui permettre de formuler une opinion ; le risque de non-détection d'une inexactitude significative relevant d'une fraude est plus élevé que le risque de non-détection d'une inexactitude significative relevant d'une erreur car la fraude peut résulter d'une collusion, d'une falsification, d'omissions intentionnelles, de fausses déclarations ou du contournement du contrôle interne ;

- à acquérir une connaissance du contrôle interne qui soit pertinente pour l'audit, le but étant d'élaborer des procédures d'audit qui soient adaptées à la situation considérée et non pas d'exprimer une opinion sur l'efficacité du système de contrôle interne de l'entité ;

- à déterminer si les méthodes comptables appliquées sont appropriées et si les estimations comptables et les informations connexes fournies par la direction sont raisonnables ;

- à se prononcer sur le caractère approprié ou non de l'utilisation du principe comptable de la continuité d'activité et à déterminer, à partir des éléments probants obtenus par l'audit, s'il existe une incertitude significative du fait d'événements ou de circonstances susceptibles de remettre fondamentalement en cause la capacité de l'entité à poursuivre son activité ; si l'IBAN juge qu'une telle incertitude existe, il est tenu d'appeler l'attention, dans son opinion, sur les informations correspondantes figurant dans les états financiers ou, si ces informations sont incomplètes, de formuler une opinion modifiée ; les conclusions de l'IBAN sont fondées sur les éléments probants en sa possession à la date d'établissement de son rapport d'audit ; il n'est toutefois pas exclu que l'entité soit amenée à cesser son activité en raison d'événements ou de circonstances futurs ;

- à évaluer la présentation générale, la structure et le contenu des états financiers, y compris les informations fournies, et à déterminer si les états financiers rendent compte fidèlement des opérations et des événements qui en font l'objet.

L'IBAN est tenu de communiquer avec les organes chargés de la gouvernance, et notamment de les informer du périmètre et du calendrier de la mission d'audit qu'il prévoit d'effectuer, des principales conclusions de l'audit et des lacunes significatives qu'il aura éventuellement constatées dans le contrôle interne au cours de l'audit.
L'opinion que l'IBAN formule à l'intention du Conseil de l'Atlantique Nord doit aider ce dernier à s'acquitter de son rôle. C'est la raison pour laquelle l'IBAN est responsable de ses travaux et de son opinion devant le seul Conseil.

Audit de conformité

Opinion sur la conformité

Sur la base des procédures qu'il a appliquées, l'IBAN estime que rien, dans son audit des états financiers, ne lui donne à penser que les fonds n'ont pas été employés aux bonnes fins – pour le règlement de dépenses autorisées – et en conformité avec le Règlement financier de l'OTAN et le Règlement du personnel civil de l'OTAN.

Justification de l'opinion émise sur la conformité

L'IBAN a effectué l'audit de conformité sur la base des normes internationales des institutions supérieures de contrôle des finances publiques (ISSAI 4000-4899), définies par l'Organisation internationale des institutions supérieures de contrôle des finances publiques (INTOSAI), ainsi que des dispositions complémentaires figurant dans sa propre charte.

L'IBAN estime qu'il a obtenu par son audit les éléments probants nécessaires et suffisants pour lui permettre de formuler une opinion.

Responsabilité de la direction concernant la conformité

Tous les membres du personnel – civils et militaires – de l'OTAN sont tenus de respecter le Règlement financier de l'OTAN ainsi que les règles et procédures financières qui s'y rattachent et les directives d'application particulières, dont le Règlement du personnel civil de l'OTAN fait partie.

Le chef de l'entité OTAN présentant des états financiers est responsable et tenu comptable d'une saine gestion financière. Les organismes OTAN et les entités OTAN présentant des états financiers doivent administrer leurs finances en s'appuyant sur les principes suivants : adéquation, bonne gouvernance, obligation de rendre compte, transparence, gestion des risques et contrôle interne, audit interne, audit externe, prévention et détection des fraudes.

Responsabilité de l'IBAN concernant la conformité

Selon sa charte, en plus d'être responsable de fournir une assurance raisonnable quant à la question de savoir si les états financiers considérés dans leur ensemble sont exempts d'inexactitudes significatives, l'IBAN doit chaque année rendre au Conseil un avis indépendant lui assurant que les fonds ont été employés aux bonnes fins – pour le règlement de dépenses autorisées (adéquation) – et en conformité avec la réglementation en vigueur (régularité). Par « adéquation », on entend le respect des principes généraux régissant une gestion financière saine ainsi que la conduite des membres de l'administration. Par « régularité », on entend le respect de critères officiels tels que les règlements, règles et procédures applicables.

Il incombe ainsi à l'IBAN d'appliquer des procédures lui permettant d'obtenir en toute indépendance une assurance sur le point de savoir si les fonds ont été employés aux bonnes fins – pour le règlement de dépenses autorisées – et en conformité avec la réglementation en vigueur. De telles procédures prévoient notamment la prise en compte des risques de non-conformité significative.

Bruxelles, le 17 décembre 2021

Daniela Morgante
Présidente

OBSERVATIONS ET RECOMMANDATIONS

L'IBAN a formulé une observation, assortie d'une recommandation, qui n'a pas eu d'incidence sur l'opinion émise au sujet des états financiers rectifiés ni de la conformité. Cette observation est la suivante :

1. Nécessité de renforcer les mécanismes de contrôle interne pour ce qui est de l'établissement des états financiers par l'entité agissant en tant que mandataire

L'IBAN a fait le point sur les suites données aux observations et recommandations formulées lors d'audits précédents, et il a constaté qu'il ne restait aucune question à régler.

1. NÉCESSITÉ DE RENFORCER LES MÉCANISMES DE CONTRÔLE INTERNE POUR CE QUI EST DE L'ÉTABLISSEMENT DES ÉTATS FINANCIERS PAR L'ENTITÉ AGISSANT EN TANT QUE MANDATAIRE

Contexte

1.1 Aux termes d'une norme faisant partie du cadre comptable OTAN (IPSAS 9), « les montants collectés pour le compte du mandant ne sont pas des produits. Au contraire, le produit correspond au montant de toute commission reçue ou à recevoir au titre du recouvrement ou du traitement des flux bruts. » Autrement dit, un mandataire ne doit comptabiliser dans l'état de la performance financière que les honoraires ou commissions et ne doit pas y comptabiliser les montants bruts des produits et des charges.

1.2 Aux termes de l'article 34.2 du Règlement financier de l'OTAN, « les états financiers de tous les organismes OTAN sont établis selon les principes de la comptabilité d'exercice. » Ainsi, un environnement de contrôle efficace est nécessaire pour l'identification et le compte rendu des opérations en fin d'exercice.

1.3 Le paragraphe 7 de l'IPSAS 1 dispose ce qui suit : « La comptabilité d'exercice est la convention comptable qui prévoit la comptabilisation d'opérations et d'autres événements au moment où ils se produisent (et non pas lors de l'entrée ou de la sortie de trésorerie ou d'équivalents de trésorerie). En conséquence, les opérations et les événements sont enregistrés dans les livres comptables et comptabilisés dans les états financiers des exercices auxquels ils se rapportent. Les éléments comptabilisés selon la comptabilité d'exercice sont les actifs, les passifs, l'actif net/situation nette, les produits et les charges. »

1.4 L'une des fonctions principales de tout système de contrôle interne est de garantir l'existence de processus appropriés pour l'établissement, l'examen et la présentation des états financiers. Il faut qu'une procédure appropriée soit en place pour l'examen des états financiers afin d'obtenir l'assurance raisonnable que ceux-ci sont conformes au cadre de compte rendu financier applicable.

Observation

1.5 Au cours de l'audit, l'IBAN avait relevé des inexactitudes (voir ci-après), dont la correction a donné lieu à l'établissement d'états financiers rectifiés, soumis à l'IBAN le 19 novembre 2021.

1.6 Dans la première version des états financiers 2019 de la NAMEADSMO en liquidation, soumise à l'IBAN le 31 mars 2020, les charges et les produits opérationnels ont été présentés comme si l'entité était mandante et non mandataire. De ce fait, l'état de la performance financière rend compte de charges et de produits opérationnels s'élevant à 1,2 million d'euros en 2019 et à 0,7 million d'euros en 2018, ce qui est inexact. Comme la NAMEADSMO en liquidation agit pour ces questions en qualité de mandataire, ces opérations, qui représentent des montants importants, n'auraient pas dû être comptabilisées et présentées dans l'état de la performance financière.

1.7 Par ailleurs, l'IBAN a constaté qu'une note de crédit reçue début 2020 pour un trop-perçu de quelque 0,1 million d'euros datant de la période 2012-2015 n'était pas enregistrée au 31 décembre 2019. Cette note de crédit a été enregistrée en 2020 alors qu'elle aurait dû être enregistrée au 31 décembre 2019 en tant que montant à recevoir d'une part et dette à l'égard des pays participant à la NAMEADSMO en liquidation d'autre part, selon le principe de la comptabilité d'exercice.

Recommandations

1.8 L'IBAN recommande que la NAMEADSMO en liquidation renforce ses contrôles internes pour l'élaboration des états financiers, de sorte que les charges et les produits opérationnels soient présentés dans le respect des règles applicables à une situation où l'entité est mandataire, et que les principes de la comptabilité d'exercice soient ainsi respectés.

COMMENTAIRES OFFICIELS DE L'ORGANISATION DE GESTION DU SYSTÈME DE DÉFENSE AÉRIENNE ÉLARGIE À MOYENNE PORTÉE DE L'OTAN EN LIQUIDATION (NAMEADSMO EN LIQUIDATION) SUR LE RAPPORT D'AUDIT ET POSITION DU COLLÈGE INTERNATIONAL DES AUDITEURS EXTERNES DE L'OTAN (IBAN)

Commentaires officiels de la NAMEADSMO en liquidation

Je vous remercie pour le rapport que vous nous avez transmis sur l'audit des états financiers rectifiés pour l'exercice clos le 31 décembre 2019. Je n'ai pas de commentaires quant au fond ni de commentaires officiels.

GLOSSAIRE

En application de la norme internationale des institutions supérieures de contrôle des finances publiques (ISSAI) 2705, les opinions émises au sujet des états financiers et au sujet de la conformité peuvent être des opinions sans réserve, des opinions avec réserve, des déclarations d'abstention ou des opinions défavorables.

- L'IBAN émet une opinion sans réserve (*unqualified opinion*) lorsqu'il estime que les états financiers et le rapport sur l'exécution du budget sont exacts et que rien ne lui donne à penser que les fonds n'ont pas été employés aux bonnes fins – pour le règlement de dépenses autorisées – et en conformité avec la réglementation en vigueur.

- L'IBAN émet une opinion avec réserve (*qualified opinion*) lorsque, d'une manière générale, il est satisfait de la présentation des états financiers mais que, pour certains éléments clés, il constate que les états n'ont pas été correctement établis ou que l'ampleur de l'audit a été limitée, ou lorsque certains éléments lui donnent à penser que les fonds n'ont pas été employés aux bonnes fins – pour le règlement de dépenses autorisées – et en conformité avec la réglementation en vigueur.

- L'IBAN se déclare dans l'impossibilité d'exprimer une opinion (*disclaimer of opinion*) lorsque l'ampleur de l'audit est extrêmement limitée – au point qu'il n'est pas en mesure d'exprimer une opinion – ou lorsque d'importantes incertitudes entourent les états financiers ou l'emploi des fonds.

- L'IBAN émet une opinion défavorable (*adverse opinion*) lorsqu'une erreur ou une anomalie présente dans les états financiers a des conséquences si étendues et si importantes que, selon lui, une réserve n'est pas suffisante pour faire apparaître le caractère trompeur ou incomplet des états financiers.

En application des normes d'audit, trois types de paragraphe peuvent figurer dans le rapport d'audit :

- Questions clés de l'audit (ISSAI 2701) – Paragraphe qui concerne des questions qui, selon le jugement professionnel de l'IBAN, sont les plus importantes parmi celles qui ressortent de l'audit des états financiers de la période considérée. Les questions clés de l'audit sont portées à l'attention du Conseil.

- Observation particulière (ISSAI 2706) – Paragraphe que l'IBAN ajoute dans la section « Opinion » du rapport d'audit afin d'appeler l'attention sur un élément présenté dans les états financiers dont l'importance est telle, selon lui, qu'il est indispensable à l'utilisateur pour sa compréhension de ces documents.

- Autre observation (ISSAI 2706) – Paragraphe que l'IBAN ajoute dans la section « Opinion » du rapport d'audit pour fournir des informations sur un élément autre que ceux présentés dans les états financiers qui, selon lui, est important pour la compréhension, par l'utilisateur, de l'audit, des responsabilités de l'auditeur ou du rapport d'audit.

IBA-A(2021)0168
17 décembre 2021

À : Secrétaire général
(À l'attention du directeur du Cabinet)

Cc : Représentants permanents auprès de l'OTAN
Président du Comité de direction de la NAMEADSMO en liquidation
Chef du bureau du liquidateur de la NAMEADSMO en liquidation
Contrôleur des finances de la NAMEADSMO en liquidation
Président du Bureau de la planification et de la politique générale des ressources
Chef de la Branche Gestion des ressources du Bureau OTAN des ressources
Bureau d'ordre du Cabinet

Objet : ***Rapport du Collège international des auditeurs externes de l'OTAN (IBAN) sur l'audit des états financiers rectifiés de l'Organisation de gestion du système de défense aérienne élargie à moyenne portée de l'OTAN en liquidation (NAMEADSMO en liquidation) pour l'exercice clos le 31 décembre 2020 – IBA-AR(2021)0041***

Monsieur le Secrétaire général,

Vous trouverez ci-joint le rapport d'audit approuvé ainsi qu'une note succincte à l'intention du Conseil.

L'IBAN a émis une opinion sans réserve sur les états financiers rectifiés de la NAMEADSMO en liquidation ainsi que sur la conformité pour l'exercice 2020.

Veuillez agréer, Monsieur le Secrétaire général, l'assurance de ma haute considération.

Daniela Morgante
Présidente

Pièces jointes : voir ci-dessus.

Boulevard Léopold III – B-1110 Bruxelles – Belgique
Tél. : +32(0)2 707 41 11 – Fax : +32(0)2 707 49 62

IBA-AR(2021)0041

Note succincte
du Collège international des auditeurs externes de l'OTAN (IBAN)
à l'intention du Conseil
sur l'audit des états financiers rectifiés
de l'Organisation de gestion du système de défense aérienne élargie
à moyenne portée de l'OTAN en liquidation (NAMEADSMO en liquidation)
pour l'exercice clos le 31 décembre 2020

L'IBAN a procédé à l'audit des états financiers rectifiés de la NAMEADSMO en liquidation, entité chargée de planifier, d'exécuter et d'encadrer la liquidation du programme dans le but de faire aboutir ce qui est en cours, de préserver les acquis en matière de développement et de mener à bien les activités de clôture pour le compte de ses membres.

Le total des charges de la NAMEADSMO en liquidation pour 2020 s'élève à 824 011 euros.

L'IBAN a émis une opinion sans réserve sur les états financiers rectifiés ainsi que sur la conformité pour l'exercice clos le 31 décembre 2020.

L'IBAN a formulé une observation, assortie d'une recommandation, qui n'a pas eu d'incidence sur l'opinion émise au sujet des états financiers rectifiés ni de la conformité. Cette observation est la suivante :

1. Nécessité de renforcer les mécanismes de contrôle interne pour ce qui est de l'établissement des états financiers par l'entité agissant en tant que mandataire

L'IBAN a fait le point sur la suite donnée à l'observation et à la recommandation formulées lors de l'audit précédent, il a considéré que la question était traitée dès lors qu'elle a été rendue caduque par l'observation formulée ci-dessus.

Le rapport d'audit a été transmis à la NAMEADSMO en liquidation, dont les commentaires ont ensuite été intégrés dans le document ainsi que, le cas échéant, la position de l'IBAN à leur sujet.

IBA-AR(2021)0041

17 décembre 2021

COLLÈGE INTERNATIONAL DES AUDITEURS EXTERNES DE L'OTAN

RAPPORT SUR L'AUDIT DES ÉTATS FINANCIERS RECTIFIÉS

DE L'ORGANISATION DE GESTION DU SYSTÈME DE DÉFENSE AÉRIENNE ÉLARGIE À MOYENNE PORTÉE DE L'OTAN EN LIQUIDATION

(NAMEADSMO EN LIQUIDATION)

POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2020

OPINION DE L'AUDITEUR EXTERNE À L'INTENTION DU CONSEIL DE L'ATLANTIQUE NORD

Audit des états financiers

Opinion sur les états financiers

Le Collège international des auditeurs externes de l'OTAN (IBAN) a audité les états financiers rectifiés de la NAMEADSMO en liquidation portant sur la période de 12 mois ayant pris fin le 31 décembre 2020. Diffusés sous la cote GM-5006-38047-OM et soumis à l'IBAN le 19 novembre 2021, ces états financiers se composent de l'état de la situation financière au 31 décembre 2020, de l'état de la performance financière, de l'état des variations de l'actif net/situation nette et du tableau des flux de trésorerie pour la période de 12 mois ayant pris fin le 31 décembre 2020, ainsi que d'un résumé des méthodes comptables importantes et d'autres notes explicatives. Ils contiennent en outre un rapport sur l'exécution du budget portant sur la même période de 12 mois.

L'opinion de l'IBAN est que les états financiers rectifiés donnent une image fidèle et exacte de la situation financière de la NAMEADSMO en liquidation au 31 décembre 2020 ainsi que de sa performance financière, de ses flux de trésorerie et de l'exécution du budget pour la période de 12 mois ayant pris fin à cette date, en application des dispositions comptables et des normes de compte rendu du cadre comptable OTAN.

Justification de l'opinion émise sur les états financiers

Le Règlement financier de l'OTAN prévoit que l'audit externe des entités OTAN présentant des états financiers et des organismes OTAN établis en vertu du Traité de l'Atlantique Nord est effectué par l'IBAN.

L'IBAN a effectué son audit sur la base des normes internationales des institutions supérieures de contrôle des finances publiques (ISSAI 2200-2899), définies par l'Organisation internationale des institutions supérieures de contrôle des finances publiques (INTOSAI), ainsi que des dispositions complémentaires figurant dans sa propre charte.

L'IBAN est indépendant, ainsi que le prévoit le Code de déontologie de l'INTOSAI, et il s'est acquitté de ses responsabilités dans le respect des dispositions de ce code. Les responsabilités des membres de l'IBAN sont décrites de manière plus détaillée dans la section « Responsabilités de l'IBAN concernant l'audit des états financiers » et dans sa charte.

L'IBAN estime qu'il a obtenu par son audit les éléments probants nécessaires et suffisants pour lui permettre de formuler une opinion.

Responsabilité de la direction concernant les états financiers

La responsabilité de la direction concernant les états financiers est définie dans le Règlement financier de l'OTAN. Les états financiers de la NAMEADSMO en liquidation sont établis en application des dispositions comptables et des normes de compte rendu du cadre comptable OTAN tel qu'approuvé par le Conseil. Il incombe au contrôleur des finances de soumettre les états financiers à l'IBAN au plus tard le 31 mars qui suit la fin de l'exercice visé dans les états financiers.

Les états financiers sont signés par le chef de l'entité OTAN concernée et par le contrôleur des finances. En apposant leur signature sur ces documents, ceux-ci confirment que des mesures de gouvernance financière, des mécanismes de gestion des ressources, des contrôles internes et des systèmes d'information financière ont été mis en place et maintenus afin de garantir une utilisation efficace et efficiente des ressources.

Cette confirmation couvre l'élaboration, la mise en place et le maintien d'un ensemble de contrôles internes de nature à permettre l'établissement et la présentation d'états financiers qui soient auditables et exempts d'inexactitudes significatives, que celles-ci relèvent d'une fraude ou d'une erreur. Elle couvre aussi le compte rendu relatif à la capacité de l'entité à poursuivre son activité, la présentation, le cas échéant, des questions relatives à la continuité de l'activité, et l'application du principe comptable de continuité d'activité, à moins qu'il soit prévu de liquider l'entité ou de mettre un terme à son activité ou qu'il n'y ait pas moyen de faire autrement.

Responsabilités de l'IBAN concernant l'audit des états financiers

L'audit a pour objectif de permettre à l'IBAN d'obtenir une assurance raisonnable sur le point de savoir si les états financiers considérés dans leur ensemble sont exempts d'inexactitudes significatives, que celles-ci relèvent d'une fraude ou d'une erreur, et de formuler une opinion à leur sujet. L'assurance raisonnable correspond à un degré de certitude élevé, mais elle ne garantit pas qu'un audit effectué conformément aux ISSAI permettra dans tous les cas de détecter les inexactitudes significatives. Les inexactitudes, qui peuvent résulter d'une fraude ou d'une erreur, sont considérées comme significatives lorsque l'on peut raisonnablement s'attendre à ce que, considérées isolément ou collectivement, elles influent sur les décisions économiques que les utilisateurs des états financiers prennent en se fondant sur ceux-ci.

Dans le cadre d'audits effectués conformément aux ISSAI, les auditeurs font appel à leur jugement professionnel et à leur esprit critique tout au long de la planification et de la réalisation du travail. Cela nécessite de tenir compte des particularités que présentent les entités du secteur public. L'IBAN s'attache aussi :

- à recenser et à évaluer les risques d'inexactitudes significatives dans les états financiers, que celles-ci relèvent d'une fraude ou d'une erreur, à concevoir et à mettre en œuvre des procédures d'audit sensibles à ces risques ainsi qu'à obtenir par son audit les éléments probants nécessaires et suffisants pour lui permettre de formuler une opinion ; le risque de non-détection d'une inexactitude significative relevant d'une fraude est plus élevé que le risque de non-détection d'une inexactitude significative relevant d'une erreur car la fraude peut résulter d'une collusion, d'une falsification, d'omissions intentionnelles, de fausses déclarations ou du contournement du contrôle interne ;

- à acquérir une connaissance du contrôle interne qui soit pertinente pour l'audit, le but étant d'élaborer des procédures d'audit qui soient adaptées à la situation considérée et non pas d'exprimer une opinion sur l'efficacité du système de contrôle interne de l'entité ;

- à déterminer si les méthodes comptables appliquées sont appropriées et si les estimations comptables et les informations connexes fournies par la direction sont raisonnables ;

- à se prononcer sur le caractère approprié ou non de l'utilisation du principe comptable de la continuité d'activité et à déterminer, à partir des éléments probants obtenus par l'audit, s'il existe une incertitude significative du fait d'événements ou de circonstances susceptibles de remettre fondamentalement en cause la capacité de l'entité à poursuivre son activité ; si l'IBAN juge qu'une telle incertitude existe, il est tenu d'appeler l'attention, dans son opinion, sur les informations correspondantes figurant dans les états financiers ou, si ces informations sont incomplètes, de formuler une opinion modifiée ; les conclusions de l'IBAN sont fondées sur les éléments probants en sa possession à la date d'établissement de son rapport d'audit ; il n'est toutefois pas exclu que l'entité soit amenée à cesser son activité en raison d'événements ou de circonstances futurs ;

- à évaluer la présentation générale, la structure et le contenu des états financiers, y compris les informations fournies, et à déterminer si les états financiers rendent compte fidèlement des opérations et des événements qui en font l'objet.

L'IBAN est tenu de communiquer avec les organes chargés de la gouvernance, et notamment de les informer du périmètre et du calendrier de la mission d'audit qu'il prévoit d'effectuer, des principales conclusions de l'audit et des lacunes significatives qu'il aura éventuellement constatées dans le contrôle interne au cours de l'audit.
L'opinion que l'IBAN formule à l'intention du Conseil de l'Atlantique Nord doit aider ce dernier à s'acquitter de son rôle. C'est la raison pour laquelle l'IBAN est responsable de ses travaux et de son opinion devant le seul Conseil.

Audit de conformité

Opinion sur la conformité

Sur la base des procédures qu'il a appliquées, l'IBAN estime que rien, dans son audit des états financiers, ne lui donne à penser que les fonds n'ont pas été employés aux bonnes fins – pour le règlement de dépenses autorisées – et en conformité avec le Règlement financier de l'OTAN et le Règlement du personnel civil de l'OTAN.

Justification de l'opinion émise sur la conformité

L'IBAN a effectué l'audit de conformité sur la base des normes internationales des institutions supérieures de contrôle des finances publiques (ISSAI 4000-4899), définies par l'Organisation internationale des institutions supérieures de contrôle des finances publiques (INTOSAI), ainsi que des dispositions complémentaires figurant dans sa propre charte.

L'IBAN estime qu'il a obtenu par son audit les éléments probants nécessaires et suffisants pour lui permettre de formuler une opinion.

Responsabilité de la direction concernant la conformité

Tous les membres du personnel – civils et militaires – de l'OTAN sont tenus de respecter le Règlement financier de l'OTAN ainsi que les règles et procédures financières qui s'y rattachent et les directives d'application particulières, dont le Règlement du personnel civil de l'OTAN fait partie.

Le chef de l'entité OTAN présentant des états financiers est responsable et tenu comptable d'une saine gestion financière. Les organismes OTAN et les entités OTAN présentant des états financiers doivent administrer leurs finances en s'appuyant sur les principes suivants : adéquation, bonne gouvernance, obligation de rendre compte, transparence, gestion des risques et contrôle interne, audit interne, audit externe, prévention et détection des fraudes.

Responsabilité de l'IBAN concernant la conformité

Selon sa charte, en plus d'être responsable de fournir une assurance raisonnable quant à la question de savoir si les états financiers considérés dans leur ensemble sont exempts d'inexactitudes significatives, l'IBAN doit chaque année rendre au Conseil un avis indépendant lui assurant que les fonds ont été employés aux bonnes fins – pour le règlement de dépenses autorisées (adéquation) – et en conformité avec la réglementation en vigueur (régularité). Par « adéquation », on entend le respect des principes généraux régissant une gestion financière saine ainsi que la conduite des membres de l'administration. Par « régularité », on entend le respect de critères officiels tels que les règlements, règles et procédures applicables.

Il incombe ainsi à l'IBAN d'appliquer des procédures lui permettant d'obtenir en toute indépendance une assurance sur le point de savoir si les fonds ont été employés aux bonnes fins – pour le règlement de dépenses autorisées – et en conformité avec la réglementation en vigueur. De telles procédures prévoient notamment la prise en compte des risques de non-conformité significative.

Bruxelles, le 17 décembre 2021

Daniela Morgante
Présidente

OBSERVATIONS ET RECOMMANDATIONS

L'IBAN a formulé une observation, assortie d'une recommandation, qui n'a pas eu d'incidence sur l'opinion émise au sujet des états financiers rectifiés ni de la conformité. Cette observation est la suivante :

1. Nécessité de renforcer les mécanismes de contrôle interne pour ce qui est de l'établissement des états financiers par l'entité agissant en tant que mandataire

L'IBAN a fait le point sur la suite donnée à l'observation et à la recommandation formulées lors de l'audit précédent, il a considéré que la question était traitée dès lors qu'elle a été rendue caduque par l'observation formulée ci-dessus.

1. NÉCESSITÉ DE RENFORCER LES MÉCANISMES DE CONTRÔLE INTERNE POUR CE QUI EST DE L'ÉTABLISSEMENT DES ÉTATS FINANCIERS PAR L'ENTITÉ AGISSANT EN TANT QUE MANDATAIRE

Contexte

1.1 Aux termes d'une norme faisant partie du cadre comptable OTAN (IPSAS 9), « les montants collectés pour le compte du mandant ne sont pas des produits. Au contraire, le produit correspond au montant de toute commission reçue ou à recevoir au titre du recouvrement ou du traitement des flux bruts. » Autrement dit, un mandataire ne doit comptabiliser dans l'état de la performance financière que les honoraires ou commissions et ne doit pas y comptabiliser les montants bruts des produits et des charges.

1.2 L'une des fonctions principales de tout système de contrôle interne est de garantir l'existence de processus appropriés pour l'établissement, l'examen et la présentation des états financiers. Il faut qu'une procédure appropriée soit en place pour l'examen des états financiers afin d'obtenir l'assurance raisonnable que ceux-ci sont conformes au cadre de compte rendu financier applicable.

Observation

1.3 Au cours de l'audit, l'IBAN avait relevé des inexactitudes (voir ci-après), dont la correction a donné lieu à l'établissement d'états financiers rectifiés, soumis à l'IBAN le 19 novembre 2021.

1.4 Dans la première version des états financiers 2020 de la NAMEADSMO en liquidation, soumise à l'IBAN le 31 mars 2020, les charges et les produits opérationnels ont été présentés comme si l'entité était mandante et non mandataire. De ce fait, l'état de la performance financière rend compte de charges et de produits opérationnels s'élevant à quelque 0,1 million d'euros en 2020 et 1,2 million d'euros en 2019, ce qui est inexact. Comme la NAMEADSMO en liquidation agit pour ces questions en qualité de mandataire, ces opérations, qui représentent des montants importants, n'auraient pas dû être comptabilisées et présentées dans l'état de la performance financière.

Recommandations

1.5 L'IBAN recommande que la NAMEADSMO en liquidation renforce ses contrôles internes pour l'élaboration des états financiers, de sorte que les charges et les produits opérationnels soient présentés dans le respect des règles applicables à une situation où l'entité est mandataire.

SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES

L'IBAN a fait le point sur les suites données aux observations formulées lors d'audits précédents. On trouvera dans le tableau ci-après un récapitulatif de ces observations et recommandations et des mesures prises par l'entité (pour autant qu'elles aient été examinées par l'IBAN), ainsi que l'état de la question.

Une question est considérée comme étant « à traiter » lorsqu'aucun progrès notable n'a encore été réalisé en vue de son règlement. Une question est considérée comme étant « en cours de traitement » lorsque l'entité a commencé à mettre en œuvre la recommandation correspondante ou lorsque certains éléments de la recommandation (mais pas tous) ont été suivis d'effets. Une question est considérée comme étant « traitée » lorsque la recommandation correspondante a été mise en œuvre ou qu'elle a été rendue ou est devenue caduque. Lorsque la recommandation se subdivise en plusieurs éléments, l'état de la question est indiqué pour chacun d'eux dans la colonne « Mesures prises ».

OBSERVATION/RECOMMANDATION	MESURES PRISES PAR L'ENTITÉ	ÉTAT DE LA QUESTION
(1) Exercice 2019 **IBA-AR(2021)0040, paragraphe 1** **NÉCESSITÉ DE RENFORCER LES MÉCANISMES DE CONTRÔLE INTERNE POUR CE QUI EST DE L'ÉTABLISSEMENT DES ÉTATS FINANCIERS PAR L'ENTITÉ AGISSANT EN TANT QUE MANDATAIRE** **Recommandation de l'IBAN** L'IBAN recommande que la NAMEADSMO en liquidation renforce ses contrôles internes pour l'élaboration des états financiers, de sorte que les charges et les produits opérationnels soient présentés dans le respect des règles applicables à une situation où l'entité est mandataire, et que les principes de la comptabilité d'exercice soient ainsi respectés.	Cette observation étant rendue caduque par l'observation formulée pour l'exercice 2020, la **question est considérée comme traitée.**	Question **traitée**

COMMENTAIRES OFFICIELS DE L'ORGANISATION DE GESTION DU SYSTÈME DE DÉFENSE AÉRIENNE ÉLARGIE À MOYENNE PORTÉE DE L'OTAN EN LIQUIDATION (NAMEADSMO EN LIQUIDATION) SUR LE RAPPORT D'AUDIT ET POSITION DU COLLÈGE INTERNATIONAL DES AUDITEURS EXTERNES DE L'OTAN (IBAN)

Commentaires officiels de la NAMEADSMO en liquidation

> *Je vous remercie pour le rapport que vous nous avez transmis sur l'audit des états financiers rectifiés pour l'exercice clos le 31 décembre 2020. Je n'ai pas de commentaires quant au fond ni de commentaires officiels.*

GLOSSAIRE

En application de la norme internationale des institutions supérieures de contrôle des finances publiques (ISSAI) 2705, les opinions émises au sujet des états financiers et au sujet de la conformité peuvent être des opinions sans réserve, des opinions avec réserve, des déclarations d'abstention ou des opinions défavorables.

- L'IBAN émet une opinion sans réserve (*unqualified opinion*) lorsqu'il estime que les états financiers et le rapport sur l'exécution du budget sont exacts et que rien ne lui donne à penser que les fonds n'ont pas été employés aux bonnes fins – pour le règlement de dépenses autorisées – et en conformité avec la réglementation en vigueur.
- L'IBAN émet une opinion avec réserve (*qualified opinion*) lorsque, d'une manière générale, il est satisfait de la présentation des états financiers mais que, pour certains éléments clés, il constate que les états n'ont pas été correctement établis ou que l'ampleur de l'audit a été limitée, ou lorsque certains éléments lui donnent à penser que les fonds n'ont pas été employés aux bonnes fins – pour le règlement de dépenses autorisées – et en conformité avec la réglementation en vigueur.
- L'IBAN se déclare dans l'impossibilité d'exprimer une opinion (*disclaimer of opinion*) lorsque l'ampleur de l'audit est extrêmement limitée – au point qu'il n'est pas en mesure d'exprimer une opinion – ou lorsque d'importantes incertitudes entourent les états financiers ou l'emploi des fonds.
- L'IBAN émet une opinion défavorable (*adverse opinion*) lorsqu'une erreur ou une anomalie présente dans les états financiers a des conséquences si étendues et si importantes que, selon lui, une réserve n'est pas suffisante pour faire apparaître le caractère trompeur ou incomplet des états financiers.

En application des normes d'audit, trois types de paragraphe peuvent figurer dans le rapport d'audit :

- Questions clés de l'audit (ISSAI 2701) – Paragraphe qui concerne des questions qui, selon le jugement professionnel de l'IBAN, sont les plus importantes parmi celles qui ressortent de l'audit des états financiers de la période considérée. Les questions clés de l'audit sont portées à l'attention du Conseil.
- Observation particulière (ISSAI 2706) – Paragraphe que l'IBAN ajoute dans la section « Opinion » du rapport d'audit afin d'appeler l'attention sur un élément présenté dans les états financiers dont l'importance est telle, selon lui, qu'il est indispensable à l'utilisateur pour sa compréhension de ces documents.
- Autre observation (ISSAI 2706) – Paragraphe que l'IBAN ajoute dans la section « Opinion » du rapport d'audit pour fournir des informations sur un élément autre que ceux présentés dans les états financiers qui, selon lui, est important pour la compréhension, par l'utilisateur, de l'audit, des responsabilités de l'auditeur ou du rapport d'audit.

North Atlantic Treaty Organization

NATO Medium Extended Air Defense System Management Organization in Liquidation

Financial Statements

For the year ended

31 December 2019

Serial # GM-5006-38046-OM

1. Table of Contents

A. Overview of NATO MEADS Management Organization's in Liquidation Operations and Environment

General description of the NATO MEADS Management Organization in Liquidation

The North Atlantic Treaty Organization (NATO) Medium Extended Air Defense System Management Organization (NAMEADSMO) is a NATO Development, Production and Logistics Organization (NPLO), a subsidiary body of NATO created by the North Atlantic Council with the "Charter of NAMEADSMO", documented at C-M(2005)0044-ADD1. Per virtue of the Section VII of the Charter, the organization comprises a Steering Committee (now called Board of Directors), and a NATO Agency whose headquarter is located in the United States of America.

NAMEADSMO shares the international characteristics of NATO and the jurisdictional autonomy by virtue of Article 4 of the Ottawa Agreement. NAMEADSMO was created to provide direction, coordination and execution of all phases of the MEADS program as delineated by the participating Nations. The participating Nations (Participants) are Germany, Italy and the United States.

On 4 April 2016, the Board of Directors (BoD) submitted a formal request to the North Atlantic Council (NAC) to place NAMEADSMO into Liquidation (NAMEADSMO i.L.). This request was approved and became effective on 1 July 2016.

NAMEADSMO i.L. is comprised of a BoD, composed of one representative from each of the Participants, and the Office of the Liquidator (OotL) which replaced the former NATO MEADS Management Agency (NAMEADSMA).

Consequently, NAMEADSMO i.L. and its staff are under the governance of the NATO Document C-M(66)9 which states in Article 1.b)

> "*Until the liquidation is completed, the provision of the Charter of the Production Organization will continue to apply to the Production Organization in Liquidation and its staff, insofar as nothing to the contrary results from the provisions of this document or from the purpose of the liquidation.*"

The liquidation phase for the MEADS program is financed with the "inherited" contributions received prior to the liquidation phase from participating Governments in accordance with the Financial Management Policy Document (FMPD) and in accordance with the terms stipulated in the Design and Development (D&D) Memorandum of Understanding (MoU). While some parts of the MoU expired on 22 April 2017, Section 19.7 provides application in perpetuity of the Sections "Equipment", "Disclosure and Use of Project Information", "Controlled unclassified Information, "Security"," Third Party Sales and transfers", "Liability and Claims" and "Amendment, Termination, Entry into Effect, and Duration".

The FMPD specifies the financial management policies and the funding schedule set for the MEADS D&D phase also applicable for the liquidation phase. It delineates the Participants' annual cumulative financial ceilings which are the basis for the NAMEADSMO i.L. annual budgets. The budgets consist of the Administrative and Operational Budgets. Germany, Italy and the US (GE/IT/US) percentage shares of the total contribution ceiling are 25.2%, 16.7% and 58.1% respectively, including a portion of non-financial contributions as defined in the FMPD. No further contribution by each Nation will occur during the liquidation phase. The total contribution ceilings for Germany and Italy for the Operational Budget (OB) were reached in 2013 and for the Administrative Budget (AB) in 2014. The US will not reach their contribution ceilings for either budget as it was noted with BoD decision D14/08 that "no additional US funds will be provided for the remainder of the MEADS program."

The cumulative D&D costs incurred until 31 December 2019 amounts to 2,607 M US Dollars and 1,420 M Euros.

The organization of the OotL remained unchanged from previous years. In 2019, the Office of the Liquidator is comprised of the position of a Liquidator (GE) and a Business Financial Manager (GE) and a Contract Specialist/Financial Controller (IT).
NAMEADSMO i.L. has no liens or encumbrances on the agency's assets.

NAMEADSMO i.L. has given no guarantees to third parties.

NAMEADSMO i.L. is located in Huntsville, Alabama, USA.

Role of the Office of the Liquidator

Beginning 01 July 2016, the Office of the Liquidator (OotL) is the successor of NAMEADSMA. OotL is responsible for the planning, execution and overall management of the liquidation of the program with the goal to complete the ongoing effort, safeguard the development results and accomplish a successful close-out.

The OotL inherited all existing contracts awarded by the (former) NATO Agency NAMEADSMA throughout the D&D phase.

Contract legacy with NAMEADSMA can be explained as follows:

- The Prime Contract with MEADS International (MI), the prime contractor was definitized on 31 May 2005. The main D&D phase and MI main contract effort were completed on 31 December 2014 while "Data Archival" of all development documentation (drawings, reports, test results, etc.) and the distribution of the development residual material lasted throughout 2016-2017. It is now completed. Remaining contractual and administrative close-out activities will be carried out until final settlement.

- Ancillary contracts were also part of business transferred to the OotL. Lockheed Martin was engaged in a cooperative agreement for the realization of a Low Frequency Sensor. EuroMEADS (a sub-contractor of MEADS International) was retrofitting one of the two Multifunction Fire Control Radars (MFCR). MBDA-GE received a contract to fulfill a non-common requirement regarding German Maturation Activities funded by Germany only. MEADS LLC had been providing support services for the D&D effort to the Agency by conducting independent technical analyses of the MEADS Program system level performance, systems engineering activities, design, development, integration, fabrication, test, producibility, logistic, and programmatic activities.

- Bailment agreements: preservation of German and Italian hardware in the US and in Italy. Items are made available to be used as Government Furnished Equipment in a future contract or might be abandoned in place.

Compliance with Financial Regulations

NAMEADSMO i.L. follows standardized rules and regulations approved by the NAC. Specifically, NAMEADSMO i.L. adheres to the NATO Financial Regulations (NFRs) and Financial Rules and Procedures (FRPs) and to the NATO Civilian Personnel Regulations (CPRs). Since the financial management of NAMEADSMO i.L. is separate and distinct from those of the International Staff or other NATO entities, NAMEADSMO i.L. also follows the NAMEADSMO Financial Rules and Regulations (FRRs), as approved by the NAMEADSMO BoD. If a conflict between the NFR/FRP and NAMEADSMO FRRs arises, the most recent NATO NFR/FRP will prevail.
Note that the BoD decided with decision D22/03 that the Liquidator has the discretion to modify processes and regulations of the NAMEADSMO FRR and Operating Instructions (OIs) to accommodate the OotL organization and requirements, as long as these modifications are compliant with the NFR.

NAMEADSMO i.L.'s mission, strategies and how they relate to its Financial Position, Financial Performance and Cash Flows

NAMEADSMO i.L. does not have any objectives and strategies in relation to its financial position, performance and cash flows other than to have enough funding available to cover its administrative and operational costs. This is done while acting in the best interest of the three participating Nations within the mission established by the NAMEADSMO Charter and the D&D MoU objectives, in accordance with guidance received from the BoD.

Risks and Uncertainties that affect NAMEADSMO i.L.'s Financial Position and Performance

NAMEADSMO i.L.'s performance is based on the MEADS program results and deliveries that can be achieved with the resources spent. The financial position of NAMEADSMO i.L. is not affected by any significant risk as the MEADS program comes to an end.

Assets/Liabilities in regard of other NATO bodies

NAMEADSMO i.L. does not have any assets or liabilities in respect of other NATO entities.

B. **Statement of Financial Position**

as at 31 December 2019
(in US Dollars)

	Notes	2019	2018
Assets			
Current Assets			
Cash and Cash Equivalents	2	8,411,338	10,391,104
Receivables	3	68,080	-
Prepayments	4	-	-
		8,479,418	10,391,104
Non-Current Assets			
Property, Plant and Equipment	5	-	-
Total Assets		**8,479,418**	**10,391,104**
Liabilities			
Current Liabilities			
Accounts Payable and Accruals	6	165,176	168,765
Deferred Revenue and Liability to Nations	7	8,314,242	10,222,339
		8,479,418	10,391,104
Total Liabilities		**8,479,418**	**10,391,104**

C. Statement of Financial Performance

for the year ended 31 December 2019
(in US Dollars)

	Notes	2019	2018 Restated
Revenue	10		
Operational		-	-
Administrative		757,650	789,192
Total Revenue		**757,650**	**789,192**
Expense	11, 12, 13, 14		
Operational		-	-
Administrative		757,650	789,192
Total Expense		**757,650**	**789,192**
Net Result for the Year		**-**	**-**

D. Statement of Cash Flows

for the year ended 31 December 2019
(in US Dollars)

	2019	2018
Operational Budget		
Cash Paid to Contractors	(1,204,716)	(770,157)
Other Cash Receipts	-	70,000
Other Cash Payments	-	(70,000)
Total Operational Budget	**(1,204,716)**	**(770,157)**
Administrative Budget		
Other Cash Receipts		19
Cash Paid to Suppliers and Employees	(738,934)	(793,550)
Total Administrative Budget	**(738,934)**	**(793,532)**
Total Cash Flows from Operating Activities	**(1,943,650)**	**(1,563,689)**
Total Cash Flows from Investing Activities	**-**	**-**
Total Cash Flows from Financing Activities	**-**	**-**
Net Increase/Decrease in Cash	**(1,943,650)**	**(1,563,689)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(36,116)**	**(31,044)**
Cash at Beginning of Period	**10,391,104**	**11,985,837**
Cash at End of Period	**8,411,338**	**10,391,104**

E. Statement of Changes to Net Assets/Equity

for the year ended 31 December 2019
(in US Dollars)

	Capital assets	Reserves	Accumulated surplus/deficit	Total
Balance at the end of the period 1Jan - 31 Dec 2017	-	-	-	-
Net gains/(losses) recognised directly in net assets/equity	-	-	-	-
Surplus/(deficit) for the period	-	-	-	-
Change in net assets/equity for the year ended 31 Dec 2018	-	-	-	-
Balance at the end of the period 1 Jan - 31 Dec 2018	-	-	-	-
Net gains/(losses) recognised directly in net assets/equity	-	-	-	-
Surplus/(deficit) for the period	-	-	-	-
Change in net assets/equity for the year ended 2019	-	-	-	-
Balance at 31 December 2019	-	-	-	-

F. Notes to the Financial Statements

The notes form an integral part of these financial statements. The financial statements were originally issued to the International Board of Auditors for NATO on 30 March 2020 and resubmitted, upon agreement from IBAN (IBA-A(2021)0129), on 19 November 2021.

Note 1. Significant Accounting Policies

Basis of preparation

The financial statements of NAMEADSMO i.L. have been prepared on the accrual basis of accounting in accordance with the NATO Accounting Framework (NAF) as adopted by the NATO Council (NAC). The NAF is an adaptation of the International Public Sector Accounting Standards (IPSAS).
The application of the NATO accounting framework has had no material impact on the disclosures or on the amounts recognised in the NAMEADSMO i.L. Financial Statements.
The financial statements comply with the accounting requirements of the NFR and FRP and the relevant NAMEADSMO FRR. They are prepared on a non-going concern basis in consideration of the decisions taken by the Participants.

As a legacy recap, in 2010 the United States decided to continue funding the MEADS program only through the D&D phase of the current MoU hence no agreement could be reached for a subsequent procurement phase. In 2011 the scope of work was revised to maintain the total cost within the MoU limits while still yielding meaningful results for Germany and Italy and a possible future option for the US.

Based on this situation, in 2012 the NAMEADSMO BoD requested a plan for the orderly transition to close-out the Agency by mid-2014. Subsequently, in June 2014 the BoD approved a new plan to initiate the liquidation of the entity on 1 February 2015. In the end, the BoD submitted a formal request to the NAC to place NAMEADSMO into Liquidation on 4 April 2016. This request was approved and became effective on 1 July 2016. Consequently, NAMEADSMO became “NAMEADSMO in Liquidation”, operating through a small “Office of the Liquidator”.

Accounting as Procurement Agent

According to the IPSAS Preface, IPSASs are converged with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) by adapting them to public sector context where appropriate.

IFRS 15 defines a Principal as the party that controls the goods or services before they are transferred to customers and defines an Agent as the party that arranges for the goods or services to be provided by another party without taking control over those goods or services.

NAMEADSMA/NAMEADSMO i.L. – OotL has been acting as a procurement agent in respect of its operations since it does not control a good or service before it is transferred to the customer. As such the agency does not have:

- Primary responsibility for fulfilling the promise to provide the specified good or service
- Inventory risk
- Discretion in establishing the price for the specified good or service

The Agency was created for the sole purpose of designing MEADS on behalf of Germany, Italy and the United States and consequently has been carrying out the acceptance of goods and services on behalf of the participating Nations. All assets are owned, controlled, and operated by the three Nations.
The running costs of the Agency are reimbursed via the Administrative Budget. Therefore, the operational revenue and expenses are not recognised throughout these financial statements. In order to align with this change from Principal to Agent certain balances of these statements are restated.

Accounting estimates and judgments

In accordance with NAF, the financial statements necessarily include amounts based on estimates and assumptions made by management and based on historical experience as well as on the most reliable information available. In exercising the judgments to make the estimates, a degree of caution was included in light of the principle of prudence in order not to overstate assets or revenue or understate liabilities or expenses.

The estimates and underlying assumptions are reviewed on an ongoing basis. These estimates and assumptions affect the amounts of assets, liabilities, revenue and expenses reported. By their nature, these estimates are subject to measurement uncertainty. The effect of changes to such estimates and assumptions in future periods are not likely to be significant to the financial statements.

Changes in accounting policy

The same accounting policies are applied within each period and from one period to the next, unless a change in accounting policy meets one of the criteria set in NAF/IPSAS 3. For the 31 December 2019 financial statements, the accounting policies have been applied consistently throughout the reporting period.

Restatements

NAMEADSMO i.L. restated the 2018 balances as operational revenue and expenses are not recognised due to the agency accounting as a procurement agent.

Changes in pronouncements

Some new standards, alignments of standards and interpretations were issued.

IPSAS	Name	Effective date for periods beginning on or after
IPSAS 40	Public Sector Combinations	01 January
IPSAS 41	Financial Instruments	01 January 2023
IPSAS 42	Social Benefits	01 January 2023
IPSAS 36 and 41	Long-term Interests in Associates and Joint Ventures (Amendment to IPSAS 36) and Prepayment Features with Negative Compensation (Amendment to IPSAS 41)	01 January 2023

IPSAS	Name	Effective date for periods beginning on or after
IPSAS 19	Collective and Individual Services (Amendments to IPSAS 19)	01 January 2023
IPSAS	Improvements to IPSAS, 2019	01 January 2023

The above-mentioned standards have no material impact on the financial statements of NAMEADSMO i.L.

Foreign Currency

These financial statements are presented in US Dollars (USD), which is NAMEADSMO i.L.'s reporting currency. EURO (€) currency transactions are translated into USD at the average monthly NATO exchange rates, with the exception of foreign exchange transactions, which are converted at the daily exchange rate. Monetary assets and liabilities denominated in EURO at period-end are translated into USD using the NATO exchange rates applicable at 31 December 2019.
All EURO transactions related to the budget are converted into equivalent USD (EUSD) at the MoU exchange rate of 1.19.
For transparency, Note 14 explains in more detail the Effect of Exchange Rate Changes on Cash and cash Equivalents.

Financial Instruments disclosure/presentation

NAMEADSMO i.L. uses only non-derivative financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents, accounts receivable, provisions and liabilities. Financial instruments are recognized in the Statement of Financial Position at fair value.

Financial risk factors

NAMEADSMO i.L. is minimally exposed to a variety of financial risks, including credit, liquidity and currency risks.

a. Credit risk

The OotL holds current bank account balances with registered banking institutions in the USA and Germany. Wells Fargo (US) and Sparkasse (Germany) have a very low long-term credit risk rating. In accordance with Fitch, the following are the latest bank deposit ratings assigned:
- Wells Fargo Bank: AA-/F1+
- Sparkasse Koblenz: A+/F1+

b. Liquidity risk

The OotL does not expect to encounter any difficulty in meeting obligations associated with financial liabilities. There is limited exposure to liquidity risk because of the budget mechanism that guarantees funds for the total approved budget.

c. Currency risk

The OotL continues to operate on the contributions received in prior years from the Participants in USD ($) and EURO (€), based on the FMPD. Generally, expenses are paid in the same currency as the receipts. For the Operational Budget, total obligations for each currency may not match the available resources in the same currency, yielding some foreign exchange risk from fluctuations in currency rates. However, the BoD authorized foreign exchange money market operations, if necessary, to maintain adequate funding level in each currency to hedge this risk (decision D15/09). The exposure of financial instruments to foreign currency exchange risk associated with the Administrative Budget is insignificant as contributions and expenditure are made in USD only.

Revenue and Expense Recognition

Revenue comprises contributions from Participants to fund the entity's budgets. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be measured reliably. The revenue recognition is matched with the recognition of expenses.

Administrative Budget

Administrative Budget contributions fund the costs of NATO contract personnel and the goods and services to be rendered toward the performance of tasks to be executed by NAMEADSMO i.L. over an agreed period of time. Contributions are initially recorded as deferred revenue liabilities. They are recognized as revenue in the statement of financial performance when such contributions are used for their intended purpose as estimated in the Administrative Budget.

Operational Budget

The entity's contracts are with the private sector utilizing a cost-plus fixed fee contract. The operational revenue and expenses are not recognised since the entity is considered an agent in respect of its operations.

Budget Execution

Total budgetary resources are comprised of assessed contributions from the Participants.
The budgets are Administrative (costs for agency personnel, supplies and services, furnishings and equipment), and Operational (costs associated with the MEADS system development and ancillary contracts). Costs are further categorized by chapters, items and sub-items within the separate budgets. In accordance with NFR Art. 34.4, a Budget Execution Statement (BES) is presented in Annex I.
There has not been a change in the execution of the BES compared to the previous accounting period for transparency and disclosures to readers. The BES is prepared on an accrual basis of accounting.

Cash Flow Statements

NAMEADSMO i.L. has elected to use the direct method of presentation in these financial statements, in accordance with NAF.

Financial Assets

The financial assets are cash and cash equivalents, accounts receivable and prepayments. They are measured at fair value. Bank deposits denominated in foreign currencies are translated to reporting currency at the closing date NATO exchange rate. Changes in fair value are recognized in the Statement of Financial Performance

Financial Liabilities

The financial liabilities are accounts payable and accruals, and advances and unearned revenue from Participants. They are measured at fair value. Changes in fair value are recognized in the Statement of Financial Performance. As consequence of the 1 July 2016 transition into liquidation, all NAMEADSMO assets and liabilities were subsumed into NAMEADSMO i.L. assets and liabilities.

Receivables

Amounts receivable are stated at fair value in the Statement of Financial Position. No provision for doubtful debts is necessary as all receivables are deemed to be collectible.

Prepayments

Advance payments to vendors are reflected as prepayments in the Statement of Financial Position.

Accounts Payable and Accruals

Accounts Payable represent amounts for which goods and/or services, supported by an invoice, have been received by period-end but which remain unpaid. Accruals represent amounts for goods and/or services rendered by period-end but are not yet supported by an invoice at period-end.

Deferred Revenue and Liability to Nations

Deferred revenue represents contributions from Participants and/or third parties for the Administrative Budget that have been called for, in prior years' budgets but that have not yet been recognized as revenue.

Liability to Nations refers to contributions from Participants and/or third parties for the Operational Budget that have been called for, in prior years' budgets but that have not yet been returned back to the Nations.

Property, Plant and Equipment (PP&E)

PP&E is reported in the financial statements in accordance with internal policy guidance for Property, Plant and Equipment for the Administrative Budget. No changes occurred with the criterion adopted by former NAMEADSMA's internal policy guidances. PP&E is recognized in accordance with the criteria relating to control outlined in the NATO Accounting Framework.

After recognition as an asset, an item of PP&E is carried at its historical cost less any accumulated depreciation. Total cost consists of the asset purchase price plus any installation costs for bringing the asset to working condition for its intended use.

As allowed under the NATO Accounting Framework, NAMEADSMO i.L. uses capitalization thresholds based on its activities and size. These thresholds are lower than the agreed NATO thresholds in the framework.

NAMEADSMO i.L. uses the straight-line method of depreciation (calculated by dividing the cost equally over the asset's useful life) with a half-year rule to recognize assets with six months depreciation in the first year regardless of the date the asset was received. The half-year rule treats all property acquired during the year as being acquired exactly in the middle of the year. This means that only half of the full-year depreciation is allowed in the first year, with the remaining balance being deducted in the final year of the depreciation schedule, or the year that the property is disposed.

The estimated useful lives for asset classes applicable to NAMEADSMO i.L. are listed in the table below:

Asset Class	Depreciation Method	Useful Life Years	Capitalization Threshold Dollars ($)	Notes
Leasehold Improvements	Straight-Line	40	65,000	Major Building Renovations
Furniture & Fixtures	Straight-Line	10	1,000	Per item cost
Communication Systems	Straight-Line	3	1,000	Per item cost
Automated Information Systems	Straight-Line	3	1,000	Per item cost
Major Software	Straight-Line	3	65,000	Acquired Externally

Note that for some items the useful life is longer than the estimated life of the Agency. The depreciation expense was adjusted in 2012 and again in 2013 to the estimated expected end of the life of the Agency. The final year of depreciation for all remaining NAMEADSMO assets was 2015.

Consequently, everything acquired by the NAMEADMSMO i.L. - OotL, starting 01 July 2016, is already fully expensed.

Intangible Assets

NAMEADSMO i.L. does not have any intangible assets.

Retirement benefit plans: NATO Defined Contribution Pension Scheme (DCPS)

Contributions to the NATO defined contribution pension scheme are charged to the Statement of Financial Performance in the year to which they relate. NAMEADSMO i.L. is not directly exposed to any liabilities that may arise on the scheme and has no control over the assets of the scheme. The assets and liabilities for the NATO Pension Schemes are accounted for centrally by NATO International Staff (IS).

Retirement benefit plans: NATO Defined Benefit Scheme

Contributions to the NATO defined benefit scheme are charged to the Statement of Financial Performance in the year to which they relate. NAMEADSMO i.L. is not directly exposed to any liabilities that may arise on the scheme and has no control over the assets of the scheme. The assets and liabilities for the NATO Pension Schemes are accounted for centrally by NATO IS.

Provisions

Provisions are recognized when the entity has a legal or constructive obligation as a result of a past event, and where it is probable that an outflow of resources will be required to settle the obligation, and where a reliable estimate of the amount of the obligation can be made.

Contingent Liabilities

Contingent liabilities are possible obligations arising from past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of NAMEADSMO i.L..

Reserves and Net Assets

NAMEADSMO i.L. operates on a “no profit, no loss” basis. As such, it does not have net assets; any surplus gained in the year becomes payable to the Participants while any deficit becomes a receivable from the Participants.

Comparative Figures

The reporting period for the current financial statements (FS) (12 months), is the same as the reporting period for the previous financial statements 01 Jan -31 Dec 2018. Comparative amounts for related notes are therefore comparable. However, some of the 2018 comparative figures were restated due to aforementioned agent role of the agency whereas operational revenue and expenses are not recognised.

Note 2. Cash and Cash Equivalents

2019:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational	92,460	-	-	-	4,488,860	**4,590,224**
Administrative	-	25,825	-	5,136	3,790,153	**3,821,114**
TOTAL	**92,460**	**25,825**	**-**	**5,136**	**8,279,013**	**8,411,338**

The agency’s cash includes deposits which are held in non-interest-bearing current bank accounts in immediately available funds. Current bank accounts are held in USD ($) and Euro (€) currencies.

2018:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational	986,521				4,692,808	**5,831,056**
Administrative		27,893		5,665	4,526,490	**4,560,048**
TOTAL	**986,521**	**27,893**	**-**	**5,665**	**9,219,298**	**10,391,104**

Note 3. Receivables

2019:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational						
Total Operational	-	-	-	-	-	-
Administrative						
Miscellaneous Receivable					68,080	**68,080**
Total Administrative		-		-	68,080	**68,080**
TOTAL	-	-	-	-	**68,080**	**68,080**

NATO IS announced in December of 2019 the amount that will be paid in 2020 to each NATO body for their share of the “DCPS Group Insurance/Allianz Employers Contribution compensatory payment”.

2018:

There were no receivables as at 31 December 2018.

Note 4. Prepayments

2019:

There are no prepayments as at 31 December 2019.

2018:

There were no prepayments as at 31 December 2018.

Note 5. Property, Plant and Equipment

The gross carrying amount and the accumulated depreciation at the beginning and end of the period can be seen in the table below. A reconciliation of the carrying amount at the beginning and end of the period is also displayed.

	Furniture & Fixtures		Communication Systems		Automated Information Systems		Major Software		Total	
Reporting Period	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Gross Carrying Amount, opening	6,395	6,395	-	-	13,274	13,274	-	-	19,669	19,669
Additions	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Loss on Disposals	-	-	-	-	-	-	-	-	-	-
Gross Carrying Amount, closing	6,395	6,395	-	-	13,274	13,274	-	-	19,669	19,669
Accumulated Depreciation, opening	6,395	6,395	-	-	13,274	13,274	-	-	19,669	19,669
Depreciation	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation, closing	6,395	6,395	-	-	13,274	13,274	-	-	19,669	19,669
Net Carrying Amount	-	-	-	-	-	-	-	-	-	-

Additionally, the entity has several non-capitalized items of Property, Plant and Equipment, acquired before 2013. These are maintained in the disposition of the Entity. In accordance with the NATO Accounting Framework (C-M(2016)0023), which requires for these items to provide the type of inventories, locations and approximate number of these items held per asset category, the table below is disclosed:

Furniture & Fixtures	Automated Information System	Communication Systems	Leasehold Improvements	Major Software	Total
48	6	0	0	0	54

These items are located at the Office site – 620 Discovery Dr. – BLDG 1 – Suite 110 – Huntsville (AL).

Note 6. Accounts Payable and Accruals

2019:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational						
Accounts Payable	-	-	-	-	-	**-**
Accrued Expenses	-	-	-	-	132,217	**132,217**
Total Operational	**-**	**-**	**-**	**-**	**132,217**	**132,217**
Administrative						
Accounts Payable	-	-	-	-	-	**-**
Accrued Expenses	-	58	-	-	32,902	**32,959**
Total Administrative	**-**	**58**	**-**	**-**	**32,902**	**32,959**
TOTAL	**-**	**58**	**-**	**-**	**165,119**	**165,176**

Payables to contractors and suppliers include invoices received from suppliers but not yet paid and estimated accrued expenses.

2018:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational						
Accounts Payable	17,935	-	-	-	-	**20,694**
Accrued Expenses	60,778	-	-	-	63,702	**133,827**
Total Operational	**78,713**	**-**	**-**	**-**	**63,702**	**154,521**
Administrative						
Accounts Payable	-					**-**
Accrued Expenses	-	143	-	115	13,985	**14,244**
Total Administrative	**-**	**143**	**-**	**115**	**13,985**	**14,244**
TOTAL	**78,713**	**143**	**-**	**115**	**77,687**	**168,765**

Note 7. Deferred Revenue and Liability to Nations

2019:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational						
Liability to Nations	92,460	-	-	-	4,356,643	**4,458,007**
Total Operational	**92,460**	**-**	**-**	**-**	**4,356,643**	**4,458,007**
Administrative						
Deferred Revenue	-	25,768	-	5,137	3,825,331	**3,856,235**
Total Administrative	**-**	**25,768**		**5,137**	**3,825,331**	**3,856,235**
TOTAL	**92,460**	**25,768**	**-**	**5,137**	**8,181,973**	**8,314,242**

Deferred revenue and Liability to Nations include uncommitted funds and lapses. All remaining funds, if any, will be returned to the respective national treasuries at the dissolution of the agency unless Nation decide otherwise.

2018:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational						
Liability to Nations	907,808	-	-	-	4,629,105	**5,676,534**
Total Operational	**907,808**	**-**	**-**	**-**	**4,629,105**	**5,676,534**
Administrative						
Deferred Revenue	-	27,750	-	5,551	4,512,503	**4,545,805**
Total Administrative	**-**	**27,750**		**5,551**	**4,512,503**	**4,545,805**
TOTAL	**907,808**	**27,750**	**-**	**5,551**	**9,141,608**	**10,222,339**

Note 8. Other Current Liabilities

2019:

There are no other current liabilities as the banks ceased to yield interest on the cash balances for the period 01 Jan – 31 Dec 2019.

2018:

There are no other current liabilities as the banks ceased to yield interest on the cash balances for the period 01 Jan – 31 Dec 2018.

Note 9. Provisions and Contingent Liabilities

The OotL does not have any provisions or contingent liabilities to report.

Note 10. Revenue

2019:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational	-	-	-	-	-	**-**
Administrative	-	1,983	-	414	755,253	**757,650**
TOTAL	**-**	**1,983**	**-**	**414**	**755,253**	**757,650**

The administrative revenue of USD 755,253 includes a miscellaneous revenue of USD 68,080 for the NATO DCPS Group Insurance/Allianz Employers Contribution compensatory payment to be returned to the agency in 2020.

The operational revenue is not recognised since the entity is considered an agent in respect of its operations.

2018 Restated:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational	-	-	-	-	-	**-**
Administrative	-	5,121	-	687	783,383	**789,192**
TOTAL	**-**	**5,121**	**-**	**687**	**783,383**	**789,192**

Note 11. Expenses

2019:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational						
Total Operational	-	-	-	-	-	-
Administrative						
Personnel	-	-	-	-	663,086	663,086
Operating	-	1,983	-	414	92,167	94,564
Total Administrative	-	1,983	-	414	755,253	757,650
TOTAL	-	1,983	-	414	755,253	757,650

The operational expenses are not recognised since the entity is considered an agent in respect of its operations.

2018 Restated:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational						
Total Operational	-	-	-	-	-	-
Administrative						
Personnel	-	-	-	-	654,296	654,296
Operating	-	5,121	-	687	129,088	134,896
Total Administrative	-	5,121	-	687	783,384	789,192
TOTAL	-	5,121	-	687	783,384	789,192

Note 12. Personnel Expenses

The figures disclosed below represent the costs of NATO personnel including salary, allowances, complementary insurance, and pension plan contributions. The amount for Personnel Expense in Note 11 is greater than the employee benefits expense defined in this note because Note 11 includes all Chapter 1 budget Personnel items such as recruitment/separation, home leave, contractor personnel expense, etc.

	31 Dec 2019 (3 people for 7 months +2 people for 5 months)	**31 Dec 2018** (3 people for 12 months)
Employee Benefits Expenses	525,074	564,904
Post Employment Benefits	21,510	25,705

The OotL does not accrue untaken leave. In accordance with CPR Article 42.3, untaken leave must be taken within the allowed time period or will be forfeited.

The OotL does not have any termination benefits. The Agency has only seconded personal under NATO personnel contracts

NATO Pension Schemes are accounted for centrally at NATO Headquarters and therefore are not recognized in these financial statements. NATO IS manages these systems centrally on behalf of the other NATO entities.

Note 13. Leases

The OotL has an operational lease for a small office space with the JU Huntsville CRP III Owner, LLC, which currently terminates on 31 August 2020. The obligated base lease payments from 01 January through 31 December 2019 amount to USD 37,929. The costs from 01 January through 31 August 2020 will total USD 25,286. In addition, the OotL pays operating expenses in the amount of USD 408 per month. The OotL does not have any financial leases.

Note 14. Effect of Foreign Exchange Rates Changes on Cash and Cash Equivalents

The total effect of foreign exchange rates changes on cash and cash equivalents is separately disclosed in the Statement of Cash Flow. The nature of exchange differences and how they are calculated is shown in the table below:

	Euro	**Year-end Rate 2018 (1.15380)**	**Avg monthly NATO ER**	**Year-end Rate 2019 (1.09630)**	**Effect of FX Rate in EUSD**
Opening Balance	986,521	1,138,248		1,081,523	(56,725)
Contractors Exp.	(894,061)		(1,000,768)	(980,159)	20,609
Total Balance	**92,460**				
Effect on FX					**(36,116)**

Note 15. Draw Down of Operations

As a result of the Participants' decisions, the OotL continues to close down contracts which have reached the end of their period of performance and continues to support active contracts/CLINs.

No additional assets were disposed in the period of 01 January 2019 through 31 December 2019.

In October 2016, NAMEADSMO i.L. – OotL on behalf of the German government awarded a bailment agreement with Lockheed Martin Syracuse. A bailment agreement is an agreement whereby one agrees to take physical possession of another one's property for safekeeping or other purposes, but does not take ownership of it, with the understanding it will be returned at a later date or abandoned in place. Under this agreement, industry is in possession of the property and responsible for all loss or damage of it during the bailment and until the end of the agreement. The value of the assets is approximately USD 2.642M. In April 2018, this Bailment was subsumed under CLIN006 of the LFS Cooperative Agreement.

In March 2017, NAMEADSMO i.L. – OotL on behalf of the Italian government awarded a bailment agreement with Leonardo SpA as well. This agreement follows the same provisions as for the one for Germany mentioned above. The value of the assets is approximately €2.658M (USD 2.914M at year-end rate 2019).

Germany and Italy have chosen this form of agreement to maintain and have their hardware ready as government furnished equipment for future pending programs, or to be abandoned in place/returned to Government. Un-obligated funds could be continued to be used for safeguarding the MEADS development result and/or returned to Nations.

In 2018 and 2019 the OotL projected an estimated path toward complete dissolution of OotL. The projected time frame was 31 Aug 2020.

The main contractor (MEADS International Inc.) most recently re-assessed the duration of the close out effort for D&D Contract. This new schedule shift is so significant that the originally projected dissolution date cannot be maintained. As an immediate mitigation effort, Nations are in the process to extend the OotL until the end of 2020. Un-obligated funds will be continued to be used for administrative expenses of the OotL. Unused funds will be returned to Nations.

Note 16. Write-Off

No capitalized item was written off in 2019.

Note 17. Employee Disclosure

During 2019, there was no US government personnel detailed to the agency.

Note 18. Related Parties

The OotL is under direct control of NAMEADSMO i.L.'s Board of Directors.

The key management personnel of the OotL and the BoD have no related party relationships that could affect the operation of this reporting entity. Board members receive no remuneration and the Liquidator is remunerated in accordance with the published NATO pay scales. Neither receives loans that are not available to all staff.

NATO IS, who deals with NATO pensions on behalf of other NATO entities, is a related party due to the OotL's pension plans being handled centrally at NATO HQ. NATO IS performed administrative support services for the OotL in 2019 however, no fees were charged to OotL for the period ending 31 December 2019.

During 2019, there is one key management personnel - the Liquidator. The aggregate remuneration of key management personnel includes salary, allowances, and complementary insurances and was as follows for the period 01 Jan – 31 Dec 2019:

	31 Dec 2019 (1 person 12 months)	**31 Dec 2018** (1 person 12 months)
Aggregate Remuneration	248,556	245,688

Note 19. Representation Allowance

There were no qualifying officials to receive Representation Allowance in 2019.

Note 20. Events after the Reporting Date

There have been no other events between the end of the reporting period and the date the financial statements are re-issued (19 November 2021) that would affect the amounts recognized in these financial statements.

For further information, Nations extended the OotL three times. In May 2020 the agency was extended through 31 December 2020, in October 2020 through 31 December 2021 and in September 2021 through 31 August 2022.

G. Report of Management

The North Atlantic Treaty Organization (NATO) Medium Extended Air Defense Missile System Management Organization in Liquidation's (NAMEADSMO i.L.) Financial Statements have been prepared in accordance with the NAF as adopted by the NAC. The NAF is an adaptation of the IPSAS. The Agency's system of internal financial control is designed to provide reasonable assurance regarding the reliability of financial reports and the preparation of financial statements.

The NAMEADSMO i.L. Financial Statements are approved and certified by the Liquidator and the Financial Controller respectively to the best of their knowledge and according to the applicable accounting standards to give a true and fair view, in all material respect, of the assets, liabilities, financial position and financial performance of NAMEADSMO i.L. and to be in accordance with the books and records maintained.

Nils Kusserow
Liquidator

Mandy Geyer
Financial Controller (acting)

Annex I – Budget Execution

The Budget Execution Statement (BES) for the current reporting period 01 January 2019 through 31 December 2019 is presented on the accrual basis of accounting. For transparency purposes, both the Operational and the Administrative Budgets are shown.

"Accrual Basis" provides full visibility of revenues and expenses recorded in the period when they are earned, irrespective of the actual cash flows (according to NAF).

The funds shown for the Operational Budget 2019 reflect the maximum amount that is being authorized to be committed and spent. The remaining cash holdings are expected to be returned to the respective national treasuries unless Nations decide otherwise.

The funds shown for the Administrative Budget 2019 reflect only the current year authorizations. Remaining funds are available for future years until dissolution. The remaining cash holdings are expected to be returned to the respective national treasuries unless Nations decide otherwise.

Statement of Budget Execution as at 31 December 2019

Equivalent USD	Original estimated budget for 2019	Special Carry Forward 2018/2019	Carry Forward 2018-2019	Special Carry Forward Adjustment 2018/2019	Carry Forward Adjustment 2018-2019	1st and 2nd Budget Amendment	Final budget 2019/ Appropriations	Commitments	2019 Expenses	Special CFw for Uncommitted Appropriations 2019 - 2020	CFw for Committed Appropriations 2019 - 2020	Lapses
Budget 2019 Operational												
Chapter 3	155,869	-	-	-	-	64,449	220,317	134,979	134,979			85,339
Total FY 2019	**155,869**	**-**	**-**	**-**	**-**	**64,449**	**220,317**	**134,979**	**134,979**	**-**	**-**	**85,339**
Budget 2019 Administrative												
Chapter 1 Personnel	912,900	-	-			(3,000)	909,900	663,086	663,086	-	-	246,814
Chapter 2 Admin/Svcs	189,500	-	-			3,000	192,500	93,640	93,640	-	-	98,860
Chapter 4 Investments	11,000	-	-				11,000	924	924	-	-	10,076
Total FY 2019	**1,113,400**	**-**	**-**		**-**	**-**	**1,113,400**	**757,650**	**757,650**	**-**	**-**	**355,750**
Budget 2018 Operational												
Chapter 3	-	3,253,837			99,544		3,353,381	936,187	936,187	2,417,194		-
Total FY 2018	**-**	**3,253,837**	**-**		**99,544**	**-**	**3,353,381**	**936,187**	**936,187**	**2,417,194**	**-**	**-**
Budget 2018 Administrative												
Total FY 2018	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Budget 2017 Operational												
Chapter 3	-	81,301		(81,301)			-			-	-	-
Total FY 2017	**-**	**81,301**	**-**	**(81,301)**	**-**	**-**	**-**	**-**	**-**	**-**		**-**
Budget 2017 Administrative												
Total FY 2017	**-**		**-**		**-**	**-**	**-**	**-**	**-**	**-**		**-**
Budget Jul-Dec 2016 Operational												
Chapter 3	-	2,156		(2,156)	-	-	-			-	-	
Total FY 2016	**-**	**2,156**	**-**	**(2,156)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Budget Jul-Dec 2016 Administrative												
Total FY 2016	**-**		**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-		-									
Budget Jan-Jun 2016 Operational												
Chapter 3	-	59,311	-	-	-		59,311	-		-		59,311
Total FY 2016	**-**	**59,311**	**-**	**-**	**-**	**-**	**59,311**	**-**	**-**	**-**		**59,311**
Budget Jan-Jun 2016 Administrative												
Chapter 1 Personnel	-		14,600	-	-	-	14,600	-	-	-	-	14,600
Chapter 2 Admin/Svcs	-		-	-	-	-	-	-	-	-	-	-
Chapter 4 Investments	-		-	-	-	-	-	-	-	-	-	-
Total FY 2016	**-**	**-**	**14,600**		**-**	**-**	**14,600**	**-**	**-**	**-**	**-**	**14,600**
Budget 2015 Operational												
Chapter 3	-	171,561			-	-	171,561	171,561	171,561		-	-
Total FY 2015	**-**	**171,561**	**-**		**-**	**-**	**171,561**	**171,561**	**171,561**	**-**	**-**	**-**
Total Operational	**155,869**	**3,568,166**	**-**	**(83,457)**	**99,544**	**64,449**	**3,804,570**	**1,242,726**	**1,242,726**	**2,417,194**	**-**	**144,650**
Total Administrative	**1,113,400**	**-**	**14,600**	**-**	**-**	**-**	**1,128,000**	**757,650**	**757,650**	**-**	**-**	**370,350**
Total all Budgets	**1,269,269**	**3,568,166**	**14,600**		**99,544**	**64,449**	**4,932,570**	**2,000,376**	**2,000,376**	**2,417,194**	**-**	**515,000**

Explanation of Special Carry Forward, Carry Forward and Lapsed Credits/Ending Balance

Operational Budget:

The Budget Execution Statement (BES) shows regular carry forward as well as special carry forward in order to recognize the nature of funds. Special carry forward are funds of uncommitted appropriations for a clearly identified purpose.

In the BES, the total amount of special carry forward of uncommitted appropriations on 31 December 2019 for Chapter 3 (Design and Development) is EUSD 2,417,194. These funds are allocated to the prime contract with MEADS International (MI) which are not related to any active specific work to be performed but to cover the final price settlements of “cost reimbursement” contracts.

The total amount of lapses is EUSD 144,650. Lapses of EUSD 59,311 are funds allocated to the close out of the contract with EuroMEADS. No work is being performed, only final close out steps need to be done. Remaining lapses of EUSD 85,339 are referred to the contract with MBDA GE which was finally closed in fall of 2019.

Administrative Budget:

The carry forward amount

The lapsed credits of EUSD 370,350 are funds that were approved by the BoD for the entire Administrative Budget 2019 but were not obligated or spent by the end of 2019. Lapsed credit amounts for Chapter 1 – Personnel (EUSD 246,814) are mainly due to personnel costs being lower than budgeted (one post was not filled for 5 months). Lapsed credit amounts for Chapter 2 – Admin/Services (EUSD 98,860) are mainly due to less travel, no training costs and lower costs for telecommunication. Lapsed credit amounts for Chapter 4 relate mainly to planned replacements for equipment that did not take place. USD 14,600 were carried forward from 2018 but lapsed since the reason for the commitment (removal) will not occur any longer.

Budget Transfers

For the Administrative Budget, transfers of credits between budget chapters can be made after approval of the BoD. The Liquidator may authorize transfers within any chapter between items and among sub-items within an item concerning recurring expenditure and within any item concerning capital expenditure. One transfers within the Administrative Budget occurred in 2019 after the BoD approved the changes to the budget credits of 2019.

Item	Name	Transfers within AB (Jan-Dec 2019)
Budget 803 - 3 Nations (GE/IT/US)		
1410	Consultant	(3,000)
2212C	Hardware Maintenance	3,000

For the Operational Budget, transfers of credits between budget chapters and items can be made after approval by the BoD. The Liquidator may authorize transfers between sub-items within any chapter item. From 1 Jan through 31 Dec 2019 there were no Operational Budget transfers authorized by the Liquidator. All transfers were agreed by way of an amendment to the Operational Budget approved by the BoD.

Budget Execution Reconciliations

Reconciliation of expenses in the Statement of Cash Flows to the expenses in the Budget Execution Statement

	Administrative	Operational
Statement of Cash Flow - Cash paid to Contractors/ Suppliers and Employees	**738,934**	**1,204,716**
Less:		
Accruals 2018	(14,244)	(154,521)
Plus:		
Accruals 2019	32,959	132,217
Variation on year-end rate 2018 vs. MoU rate on accrued expenses 2019		(2,849)
Variation for Expenses (avg. NATO ER vs. MoU rate)		63,164
BES Expenses	**757,650**	**1,242,726**

Reconciliation of the expenses in the Statement of Financial Performance to the expenses in the Budget Execution Statement

	Administrative	Operational
Statement of Financial Performance Expenses	**$ 757,650**	**$ -**
Plus:		
Cash paid to contractors		1,183,232
Adjustments for Euro payments at average NATO ER vs MoU Rate		
-Cash paid to contractors and other OB related charges		59,494
BES Expenses	**$ 757,650**	**$ 1,242,726**

Annex II: Budget Calls and Receipts

The Operational and Administrative Budget contributions are called based on cash requirements and within the FMPD schedule and limits. The Operational Budget reached the contribution ceiling in 2013, the Administrative Budget reached the contribution ceiling in 2014 and as such there were no calls made in 2019 by the OotL.

North Atlantic Treaty Organization

NATO Medium Extended Air Defense System Management Organization in Liquidation

Financial Statements

For the year ended

31 December 2020

Serial # GM-5006-38047-OM

1. Table of Contents

A. Overview of NATO MEADS Management Organization's in Liquidation Operations and Environment

General description of the NATO MEADS Management Organization in Liquidation

The North Atlantic Treaty Organization (NATO) Medium Extended Air Defense System Management Organization (NAMEADSMO) is a NATO Development, Production and Logistics Organization (NPLO), a subsidiary body of NATO created by the North Atlantic Council with the "Charter of NAMEADSMO", documented at C-M(2005)0044-ADD1. Per virtue of the Section VII of the Charter, the organization comprises a Steering Committee (now called Board of Directors), and a NATO Agency whose headquarter is located in the United States of America.

NAMEADSMO shares the international characteristics of NATO and the jurisdictional autonomy by virtue of Article 4 of the Ottawa Agreement. NAMEADSMO was created to provide direction, coordination, and execution of all phases of the MEADS program as delineated by the participating Nations. The participating Nations (Participants) are Germany, Italy, and the United States of America.

On 4 April 2016, the Board of Directors (BoD) submitted a formal request to the North Atlantic Council (NAC) to place NAMEADSMO into Liquidation (NAMEADSMO i.L.). This request was approved and became effective on 1 July 2016.

NAMEADSMO i.L. is comprised of a BoD, composed of one representative from each of the Participants, and the Office of the Liquidator (OotL) which replaced the former NATO MEADS Management Agency (NAMEADSMA).

Consequently, NAMEADSMO i.L. and its staff are under the governance of the NATO Document C-M(66)9 which states in Article 1.b)

> "*Until the liquidation is completed, the provision of the Charter of the Production Organization will continue to apply to the Production Organization in Liquidation and its staff, insofar as nothing to the contrary results from the provisions of this document or from the purpose of the liquidation."*

The liquidation phase for the MEADS program is financed with the "inherited" contributions received prior to the liquidation phase from participating Governments in accordance with the Financial Management Policy Document (FMPD) and in accordance with the terms stipulated in the Design and Development (D&D) Memorandum of Understanding (MoU). While some parts of the MoU expired on 22 April 2017, Section 19.7 provides application in perpetuity of the Sections "Equipment", "Disclosure and Use of Project Information", "Controlled unclassified Information, "Security"," Third Party Sales and transfers", "Liability and Claims" and "Amendment, Termination, Entry into Effect, and Duration".

The FMPD specifies the financial management policies and the funding schedule set for the MEADS D&D phase also applicable for the liquidation phase. It delineates the Participants' annual cumulative financial ceilings which are the basis for the NAMEADSMO i.L. annual budgets. The budgets consist of the Administrative and Operational Budgets. Germany, Italy and the USA (DEU/ITA/USA) percentage shares of the total contribution ceiling are 25.2%, 16.7% and 58.1% respectively, including a portion of non-financial contributions as defined in the FMPD. No further contribution by each Nation will occur during the liquidation phase. The total contribution ceilings for Germany and Italy for the Operational Budget (OB) were reached in 2013 and for the Administrative Budget (AB) in 2014. The USA will not reach their contribution ceilings for either budget as it was noted with BoD decision D14/08 that "no additional USA funds will be provided for the remainder of the MEADS program."

The cumulative D&D costs incurred until 31 December 2020 amounts to 2,607M US Dollars and 1,420M Euros.

The organization of the OotL remained unchanged from previous years. In 2020, the Office of the Liquidator is comprised of the position of a Liquidator (DEU) and a Business Financial Manager (DEU) and a Contract Specialist/Financial Controller (ITA)

NAMEADSMO i.L. has no liens or encumbrances on the agency's assets.

NAMEADSMO i.L. has given no guarantees to third parties.

NAMEADSMO i.L. is located in Huntsville, Alabama, USA.

Role of the Office of the Liquidator

Beginning 01 July 2016, the Office of the Liquidator (OotL) is the successor of NAMEADSMA. OotL is responsible for the planning, execution, and overall management of the liquidation of the program with the goal to complete the ongoing effort, safeguard the development results and accomplish a successful close-out.

Main responsibility of the OotL is the close out of contracts of the MEADS program. In addition, as per direction of the BoD, the OotL amends existing contracts or awards new ones. It also provides support and information/data to the BoD, the National Product Offices, Industry, and national price audit agencies.

The OotL inherited all existing contracts awarded by the (former) NATO Agency NAMEADSMA throughout the D&D phase.

Contract legacy with NAMEADSMA can be explained as follows:

- The Prime Contract with MEADS International (MI), the prime contractor, was definitized on 31 May 2005. The main D&D phase and MI main contract effort were completed on 31 December 2014 while "Data Archival" of all development documentation (drawings, reports, test results, etc.) and the distribution of the development residual material lasted throughout 2016-2017. It is now completed. Remaining contractual and administrative close-out activities will be carried out until final settlement.

- Ancillary contracts were also part of the business transferred to the OotL. Lockheed Martin was engaged in a cooperative agreement for the realization of a Low Frequency Sensor (LFS). The MBDA joint venture EuroMEADS was retrofitting one of the two Multifunction Fire Control Radars (MFCR). MBDA-DEU received a contract to fulfill a non-common requirement regarding German Maturation Activities funded by Germany only. MEADS LLC had been providing support services for the D&D effort to the Agency by conducting independent technical analyses of the MEADS Program system level performance, systems engineering activities, design, development, integration, fabrication, test, producibility, logistic, and programmatic activities. All ancillary contracts are completed. The LFS and MFCR#1 contract are currently under final price audit.

- Bailment agreements were awarded in order to preserve German and Italian hardware in the USA and in Italy. In both cases the owners of the equipment (Germany and Italy) decided the final disposition of the hardware. Both agreements are now completed.

Compliance with Financial Regulations

NAMEADSMO i.L. follows standardized rules and regulations approved by the NAC. Specifically, NAMEADSMO i.L. adheres to the NATO Financial Regulations (NFRs) and Financial Rules and Procedures (FRPs) and to the NATO Civilian Personnel Regulations (CPRs). Since the financial management of NAMEADSMO i.L. is separate and distinct from those of the International Staff or other NATO entities, NAMEADSMO i.L. also follows the NAMEADSMO Financial Rules and Regulations (FRRs), as approved by the NAMEADSMO BoD. If a conflict between the NFR/FRP and NAMEADSMO FRRs arises, the most recent NATO NFR/FRP will prevail.
Note that the BoD decided with decision D22/03 that the Liquidator has the discretion to modify processes and regulations of the NAMEADSMO FRR and Operating Instructions (OIs) to accommodate the OotL organization and requirements, as long as these modifications are compliant with the NFR.

NAMEADSMO i.L.'s mission, strategies and how they relate to its Financial Position, Financial Performance and Cash Flows

NAMEADSMO i.L. does not have any objectives and strategies in relation to its financial position, performance, and cash flows other than to have enough funding available to cover its administrative and operational costs. This is done while acting in the best interest of the three participating Nations within the mission established by the NAMEADSMO Charter and the D&D MoU objectives, in accordance with guidance received from the BoD.

Risks and Uncertainties that affect NAMEADSMO i.L.'s Financial Position and Performance

NAMEADSMO i.L.'s performance is based on the MEADS program results and deliveries that can be achieved with the resources spent. The financial position of NAMEADSMO i.L. is not affected by any significant risk as the MEADS program comes to an end.

Assets/Liabilities in regard of other NATO bodies

NAMEADSMO i.L. does not have any assets or liabilities in respect of other NATO entities.

B. Statement of Financial Position

as at 31 December 2020
(in US Dollars)

	Notes	2020	2019
Assets			
Current Assets			
Cash and Cash Equivalents	2	7,793,078	8,411,338
Receivables	3	1,599	68,080
Prepayments	4	-	-
		7,794,678	8,479,418
Non-Current Assets			
Property, Plant and Equipment	5	-	-
Total Assets		**7,794,678**	**8,479,418**
Liabilities			
Current Liabilities			
Accounts Payable and Accruals	6	68,407	165,176
Deferred Revenue and Liability to Nations	7	7,726,271	8,314,242
		7,794,678	8,479,418
Total Liabilities		**7,794,678**	**8,479,418**

C. Statement of Financial Performance

for the year ended 31 December 2020
(in US Dollars)

	Notes	2020	2019
Revenue	10		
Operational		-	-
Administrative		824,010	757,650
Total Revenue		**824,010**	**757,737**
Expense	11, 12, 13, 14		
Operational		-	-
Administrative		824,010	757,650
Total Expense		**824,011**	**757,737**
Net Result for the Year		**-**	**-**

D. Statement of Cash Flows

for the year ended 31 December 2020
(in US Dollars)

	2020	2019
Operational Budget		
Cash Paid to Contractors	(184,894)	(1,204,716)
Other Cash Receipts	305,458	-
Total Operational Budget	**120,564**	**(1,204,716)**
Administrative Budget		
Other Cash Receipts	66,481	
Cash Paid to Suppliers and Employees	(816,253)	(738,934)
Total Administrative Budget	**(749,772)**	**(738,934)**
Total Cash Flows from Operating Activities	**(629,208)**	**(1,943,650)**
Total Cash Flows from Investing Activities	**-**	**-**
Total Cash Flows from Financing Activities	**-**	**-**
Net Increase/Decrease in Cash	**(629,208)**	**(1,943,650)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**10,948**	**(36,116)**
Cash at Beginning of Period	**8,411,338**	**10,391,104**
Cash at End of Period	**7,793,078**	**8,411,338**

E. Statement of Changes to Net Assets/Equity

for the year ended 31 December 2020
(in US Dollars)

	Capital assets	Reserves	Accumulated surplus/deficit	Total
Balance at the end of the period 1Jan - 31 Dec 2018	-	-	-	-
Net gains/(losses) recognised directly in net assets/equity	-	-	-	-
Surplus/(deficit) for the period	-	-	-	-
Change in net assets/equity for the year ended 31 Dec 2019	-	-	-	-
Balance at the end of the period 1 Jan - 31 Dec 2019	-	-	-	-
Net gains/(losses) recognised directly in net assets/equity	-	-	-	-
Surplus/(deficit) for the period	-	-	-	-
Change in net assets/equity for the year ended 2020	-	-	-	-
Balance at 31 December 2020	-	-	-	-

F. Notes to the Financial Statements

The notes form an integral part of these financial statements. The financial statements were originally issued to the International Board of Auditors for NATO (IBAN) on 31 March 2020 and resubmitted, upon agreement from IBAN (IBA-A(2021)0129), on 19 November 2021.

Note 1. Significant Accounting Policies

Basis of preparation

The financial statements of NAMEADSMO i.L. have been prepared on the accrual basis of accounting in accordance with the NATO Accounting Framework (NAF) as adopted by the NATO Council (NAC). The NAF is an adaptation of the International Public Sector Accounting Standards (IPSAS).
The application of the NATO accounting framework has had no material impact on the disclosures or on the amounts recognised in the NAMEADSMO i.L. financial statements.
The financial statements comply with the accounting requirements of the NFR and FRP and the relevant NAMEADSMO FRR. They are prepared on a non-going concern basis in consideration of the decisions taken by the Participants.

With the development coming to an end and with none of the participating Nations continuing this MEADS Program, in 2012 the NAMEADSMO BoD requested a plan for the orderly transition to close-out the Agency by mid-2014. Subsequently, in June 2014 the BoD approved a new plan to initiate the liquidation of the entity on 1 February 2015. In the end, the BoD submitted a formal request to the NAC to place NAMEADSMO into Liquidation on 4 April 2016. This request was approved and became effective on 1 July 2016. Consequently, NAMEADSMO became “NAMEADSMO in Liquidation”, headed by the Liquidator who is supported by a small staff also referred to as “Office of the Liquidator”.

Accounting as Procurement Agent

According to the IPSAS Preface, IPSASs are converged with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) by adapting them to public sector context where appropriate.

IFRS 15 defines a Principal as the party that controls the goods or services before they are transferred to customers and defines an Agent as the party that arranges for the goods or services to be provided by another party without taking control over those goods or services.

NAMEADSMA/NAMEADSMO i.L. – OotL has been acting as a procurement agent in respect of its operations since it does not control a good or service before it is transferred to the customer. As such the agency does not have:

- Primary responsibility for fulfilling the promise to provide the specified good or service
- Inventory risk
- Discretion in establishing the price for the specified good or service

The Agency was created for the sole purpose of designing MEADS on behalf of Germany, Italy and the United States and consequently has been carrying out the acceptance of goods and services on behalf of the participating Nations. All assets are owned, controlled, and operated by the three Nations.

The running costs of the Agency are reimbursed via the Administrative Budget. Therefore, the operational revenue and expenses are not recognised throughout these financial statements. In order to align with this change from Principal to Agent certain balances of these statements are restated.

Accounting estimates and judgments

In accordance with NAF, the financial statements necessarily include amounts based on estimates and assumptions made by management and based on historical experience as well as on the most reliable information available. In exercising the judgments to make the estimates, a degree of caution was included in light of the principle of prudence in order not to overstate assets or revenue or understate liabilities or expenses.

The estimates and underlying assumptions are reviewed on an ongoing basis. These estimates and assumptions affect the amounts of assets, liabilities, revenue, and expenses reported. By their nature, these estimates are subject to measurement uncertainty. The effect of changes to such estimates and assumptions in future periods are not likely to be significant to the financial statements.

Changes in accounting policy

The same accounting policies are applied within each period and from one period to the next, unless a change in accounting policy meets one of the criteria set in NAF/IPSAS 3. For the 31 December 2020 financial statements, the accounting policies have been applied consistently throughout the reporting period.

Restatements

NAMEADSMO i.L. has not restated any balances.

Changes in pronouncements

Some new standards, alignments of standards and interpretations were issued.

IPSAS	**Name**	**Effective date for periods beginning on or after**
IPSAS 41	Financial Instruments	01 January 2023
IPSAS 42	Social Benefits	01 January 2023
IPSAS 36 and IPSAS 41	Long-term Interests in Associates and Joint Ventures (Amendment to IPSAS 36) and Prepayment Features with Negative Compensation (Amendment to IPSAS 41)	01 January 2023
IPSAS 19	Collective and Individual Services (Amendments to IPSAS 19)	01 January 2023
IPSAS	Improvements to IPSAS, 2019	01 January 2023

The above-mentioned standards have no material impact on the financial statements of the agency.

Foreign Currency

These financial statements are presented in US Dollars (USD), which is NAMEADSMO i.L.'s reporting currency. EURO (€) currency transactions are translated into USD at the average monthly NATO exchange rates, with the exception of foreign exchange transactions, which are converted at the daily exchange rate. Monetary assets and liabilities denominated in EURO at period-end are translated into USD using the NATO exchange rates applicable at 31 December 2020.
All EURO transactions related to the budget are converted into equivalent USD (EUSD) at the MoU exchange rate of 1.19.
For transparency, Note 14 explains in more detail the Effect of Exchange Rate Changes on Cash and Cash Equivalents.

Financial Instruments disclosure/presentation

NAMEADSMO i.L. uses only non-derivative financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents, accounts receivable, provisions and liabilities. Financial instruments are recognized in the Statement of Financial Position at fair value.

Financial risk factors

NAMEADSMO i.L. is minimally exposed to a variety of financial risks, including credit, liquidity, and currency risks.

a. Credit risk

The OotL holds current bank account balances with registered banking institutions in the USA and Germany. Wells Fargo (USA) and Sparkasse (Germany) have a very low long-term credit risk rating. In accordance with Fitch, the following are the latest bank deposit ratings assigned:
- Wells Fargo Bank: AA-/F1+
- Sparkasse Koblenz: A+/F1+

b. Liquidity risk

The OotL does not expect to encounter any difficulty in meeting obligations associated with financial liabilities. There is limited exposure to liquidity risk because of the budget mechanism that guarantees funds for the total approved budget.

c. Currency risk

The OotL continues to operate on the contributions received in prior years from the Participants in USD ($) and EURO (€), based on the FMPD. Generally, expenses are paid in the same currency as the receipts. For the Operational Budget, in the past total obligations for each currency may not have matched the available resources in the same currency, yielding some foreign exchange risk from fluctuations in currency rates. Consequently, the BoD authorized foreign exchange money market operations, if necessary, to maintain adequate funding level in each currency to hedge this risk (decision D15/09). As of 2020 the Operational Budget holds enough resources in the same currency and therefore yielding no longer foreign exchange risk.

The exposure of financial instruments to foreign currency exchange risk associated with the Administrative Budget is insignificant as contributions and expenditure are made in USD only.

Revenue and Expense Recognition

Revenue comprises contributions from Participants to fund the entity's budgets. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be measured reliably. The revenue recognition is matched with the recognition of expenses.

Administrative Budget

Administrative Budget contributions fund the costs of NATO contract personnel and the goods and services to be rendered toward the performance of tasks to be executed by NAMEADSMO i.L. over an agreed period of time. Contributions are initially recorded as deferred revenue liabilities. They are recognized as revenue in the statement of financial performance when such contributions are used for their intended purpose as estimated in the Administrative Budget.

Operational Budget

The entity's contracts are with the private sector utilizing *cost-plus fixed fee* contract. The operational revenue and expenses are not recognised since the entity is considered an agent in respect of its operations.

Budget Execution

Total budgetary resources are comprised of assessed contributions from the Participants.
The budgets are Administrative (costs for agency personnel, supplies and services, furnishings and equipment), and Operational (costs associated with the MEADS system development and ancillary contracts). Costs are further categorized by chapters, items and sub-items within the separate budgets. In accordance with NFR Art. 34.4, a Budget Execution Statement (BES) is presented in Annex I.
There has not been a change in the execution of the BES compared to the previous accounting period for transparency and disclosures to readers. The BES is prepared on an accrual basis of accounting.

Cash Flow Statements

NAMEADSMO i.L. has elected to use the direct method of presentation in these financial statements, in accordance with NAF.

Financial Assets

The financial assets are cash and cash equivalents, accounts receivable and prepayments. They are measured at fair value. Bank deposits denominated in foreign currencies are translated to reporting currency at the closing date NATO exchange rate. Changes in fair value are recognized in the Statement of Financial Performance

Financial Liabilities

The financial liabilities are accounts payable and accruals, and advances and unearned revenue from Participants. They are measured at fair value. Changes in fair value are recognized in the Statement of Financial Performance. As consequence of the 1 July 2016 transition into liquidation, all NAMEADSMO assets and liabilities were subsumed into NAMEADSMO i.L. assets and liabilities.

Receivables

Amounts receivable are stated at fair value in the Statement of Financial Position. No provision for doubtful debts is necessary as all receivables are deemed to be collectible.

Prepayments

Advance payments to vendors are reflected as prepayments in the Statement of Financial Position.

Accounts Payable and Accruals

Accounts Payable represent amounts for which goods and/or services, supported by an invoice, have been received by period-end but which remain unpaid. Accruals represent amounts for goods and/or services rendered by period-end but are not yet supported by an invoice at period-end.

Deferred Revenue and Liability to Nations

Deferred revenue represents contributions from Participants and/or third parties for the Administrative Budget that have been called for, in prior years' budgets but that have not yet been recognized as revenue.

Liability to Nations refers to contributions from Participants and/or third parties for the Operational Budget that have been called for, in prior years' budgets but that have not yet been returned back to the Nations.

Property, Plant and Equipment (PP&E)

PP&E is reported in the financial statements in accordance with internal policy guidance for Property, Plant and Equipment for the Administrative Budget. No changes occurred with the criterion adopted by former NAMEADSMA's internal policy guidances. PP&E is recognized in accordance with the criteria relating to control outlined in the NATO Accounting Framework.

After recognition as an asset, an item of PP&E is carried at its historical cost less any accumulated depreciation. Total cost consists of the asset purchase price plus any installation costs for bringing the asset to working condition for its intended use.

As allowed under the NATO Accounting Framework, NAMEADSMO i.L. uses capitalization thresholds based on its activities and size. These thresholds are lower than the agreed NATO thresholds in the framework.

NAMEADSMO i.L. uses the straight-line method of depreciation (calculated by dividing the cost equally over the asset's useful life) with a half-year rule to recognize assets with six months depreciation in the first year regardless of the date the asset was received. The half-year rule treats all property acquired during the year as being acquired exactly in the middle of the year. This means that only half of the full-year depreciation is allowed in the first year, with the remaining balance being deducted in the final year of the depreciation schedule, or the year that the property is disposed.

The estimated useful lives for asset classes applicable to NAMEADSMO i.L. are listed in the table below:

Asset Class	Depreciation Method	Useful Life Years	Capitalization Threshold Dollars ($)	Notes
Leasehold Improvements	Straight-Line	40	65,000	Major Building Renovations
Furniture & Fixtures	Straight-Line	10	1,000	Per item cost
Communication Systems	Straight-Line	3	1,000	Per item cost
Automated Information Systems	Straight-Line	3	1,000	Per item cost
Major Software	Straight-Line	3	65,000	Acquired Externally

Note that for some items the useful life is longer than the estimated life of the Agency. The depreciation expense was adjusted in 2012 and again in 2013 to the estimated expected end of the life of the Agency. The final year of depreciation for all remaining NAMEADSMO assets was 2015.

Consequently, everything acquired by the NAMEADMSMO i.L. - OotL, starting 01 July 2016, is fully expensed.

Intangible Assets

NAMEADSMO i.L. does not have any intangible assets.

Retirement benefit plans: NATO Defined Contribution Pension Scheme (DCPS)

Contributions to the NATO defined contribution pension scheme are charged to the Statement of Financial Performance in the year to which they relate. NAMEADSMO i.L. is not directly exposed to any liabilities that may arise on the scheme and has no control over the assets of the scheme. The assets and liabilities for the NATO Pension Schemes are accounted for centrally by NATO International Staff (IS).

Retirement benefit plans: NATO Defined Benefit Scheme

Contributions to the NATO defined benefit scheme are charged to the Statement of Financial Performance in the year to which they relate. NAMEADSMO i.L. is not directly exposed to any liabilities that may arise on the scheme and has no control over the assets of the scheme. The assets and liabilities for the NATO Pension Schemes are accounted for centrally by NATO IS.

Provisions

Provisions are recognized when the entity has a legal or constructive obligation as a result of a past event, and where it is probable that an outflow of resources will be required to settle the obligation, and where a reliable estimate of the amount of the obligation can be made.

Contingent Liabilities

Contingent liabilities are possible obligations arising from past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of NAMEADSMO i.L..

Reserves and Net Assets

NAMEADSMO i.L. operates on a “no profit, no loss” basis. As such, it does not have net assets; any surplus gained in the year becomes payable to the Participants while any deficit becomes a receivable from the Participants.

Comparative Figures

The reporting period for the current financial statements of 12 months, is the same as the reporting period for the previous financial statements 01 Jan -31 Dec 2019. Comparative amounts for related notes are therefore comparable.

Note 2. Cash and Cash Equivalents

2020:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational	91,989	-	-	-	4,609,960	**4,721,736**
Administrative	-	19,991	-	5,136	3,046,215	**3,071,342**
TOTAL	**91,989**	**19,991**	**-**	**5,136**	**7,656,175**	**7,793,078**

The agency’s cash includes deposits which are held in non-interest-bearing current bank accounts in immediately available funds. Current bank accounts are held in USD ($) and Euro (€) currencies. The cash holdings of USD 4,609,960 for the operational account include a return of funding in the amount of USD 305,458 for de-obligated funds for the Foreign Military Sales case implemented in 2014.

2019:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational	92,460	-	-	-	4,488,860	**4,590,224**
Administrative	-	25,825	-	5,136	3,790,153	**3,821,114**
TOTAL	**92,460**	**25,825**	**-**	**5,136**	**8,279,013**	**8,411,338**

Note 3. Receivables

2020:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational						
Contract Receivables		-		-		-
Total Operational	-	-	-	-	-	-
Administrative						
Miscellaneous					1,599	**1,599**
Total Administrative		-		-	1,599	**1,599**
TOTAL	-	-	-	-	**1,599**	**1,599**

2019:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational						
Contract Receivables		-		-		-
Total Operational	-	-	-	-	-	-
Administrative						
Miscellaneous					68,080	**68,080**
Total Administrative		-		-	68,080	**68,080**
TOTAL	-	-	-	-	**68,080**	**68,080**

Note 4. Prepayments

2020:
There are no prepayments as at 31 December 2020.

2019:
There were no prepayments as at 31 December 2019.

Note 5. Property, Plant and Equipment

The gross carrying amount and the accumulated depreciation at the beginning and end of the period can be seen in the table below. A reconciliation of the carrying amount at the beginning and end of the period is also displayed.

	Furniture & Fixtures		Communication Systems		Automated Information Systems		Major Software		Total	
Reporting Period	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Gross Carrying Amount, opening	6,395	6,395	-	-	13,274	13,274	-	-	19,669	19,669
Additions	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Loss on Disposals	-	-	-	-	-	-	-	-	-	-
Gross Carrying Amount, closing	6,395	6,395	-	-	13,274	13,274	-	-	19,669	19,669
Accumulated Depreciation, opening	6,395	6,395	-	-	13,274	13,274	-	-	19,669	19,669
Depreciation	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation, closing	6,395	6,395	-	-	13,274	13,274	-	-	19,669	19,669
Net Carrying Amount	-	-	-	-	-	-	-	-	-	-

Additionally, the entity has several non-capitalized items of Property, Plant and Equipment, acquired before 2013. These are maintained in the disposition of the Entity. In accordance with the NATO Accounting Framework (C-M(2016)0023), which requires for these items to provide the type of inventories, locations and approximate number of these items held per asset category, the table below is disclosed:

Furniture & Fixtures	Automated Information System	Communication Systems	Leasehold Improvements	Major Software	Total
48	5	0	0	0	53

These items are located at the Office site – 620 Discovery Dr. – BLDG 1 – Suite 110 – Huntsville (AL).

Note 6. Accounts Payable and Accruals

2020:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational						
Accrued Expenses	-	-	-	-	27,689	**27,689**
Total Operational	**-**	**-**	**-**	**-**	**27,689**	**27,689**
Administrative						
Accounts Payable	-	-	-	-	-	**-**
Accrued Expenses	-	62	-	-	40,654	**40,716**
Total Administrative	**-**	**62**	**-**	**-**	**40,654**	**40,716**
TOTAL	**-**	**62**	**-**	**-**	**68,344**	**68,406**

Payables to contractors and suppliers include invoices received from suppliers but not yet paid and estimated accrued expenses.

2019:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational						
Accruals	-	-	-	-	132,217	**132,217**
Total Operational	**-**	**-**	**-**	**-**	**132,217**	**132,217**
Administrative						
Accounts Payable	-	-	-	-	-	**-**
Accrued Expenses	-	58	-	-	32,902	**32,959**
Total Administrative	**-**	**58**	**-**	**-**	**32,902**	**32,959**
TOTAL	**-**	**58**	**-**	**-**	**165,119**	**165,176**

Note 7. Deferred Revenue and Liability to Nations

2020:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational						
Liability to Nations	91,989	-	-	-	4,582,270	**4,694,046**
Total Operational	**91,989**	**-**	**-**	**-**	**4,582,270**	**4,694,046**
Administrative						**-**
Deferred Revenue	-	19,929	-	5,137	3,007,158	**3,032,225**
Total Administrative	**-**	**19,929**		**5,137**	**3,007,158**	**3,032,225**
TOTAL	**91,989**	**19,929**	**-**	**5,137**	**7,589,428**	**7,726,271**

Deferred revenue and Liability to nations include uncommitted funds and lapses. All remaining funds, if any, will be returned to the respective national treasuries prior to the dissolution of the agency. The amount of USD 4,582,270 under Liability to Nations include a return of funding in the amount of USD 305,458 for de-obligated funds for the Foreign Military Sales case implemented in 2014.

2019:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational						
Liability to Nations	92,460	-	-	-	4,356,643	**4,458,007**
Total Operational	**92,460**	**-**	**-**	**-**	**4,356,643**	**4,458,007**
Administrative						
Deferred Revenue	-	25,768	-	5,137	3,825,331	**3,856,235**
Total Administrative	**-**	**25,768**		**5,137**	**3,825,331**	**3,856,235**
TOTAL	**92,460**	**25,768**	**-**	**5,137**	**8,181,973**	**8,314,242**

Note 8. Other Current Liabilities

2020:

There are no other current liabilities as the banks ceased to yield interest on the cash balances for the period 01 Jan – 31 Dec 2020.

2019:

There are no other current liabilities as the banks ceased to yield interest on the cash balances for the period 01 Jan – 31 Dec 2019.

Note 9. Provisions and Contingent Liabilities

The OotL does not have any provisions or contingent liabilities to report.

Note 10. Revenue

2020:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational	-	-	-	-	-	**-**
Administrative	-	5,838	-	-	818,172	**824,010**
TOTAL	**-**	**5,838**	**-**	**-**	**818,172**	**824,010**

The operational revenue is not recognised since the entity is considered an agent in respect of its operations.

2019:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational	-	-	-	-	-	**-**
Administrative	-	1,983	-	414	755,253	**757,650**
TOTAL	**-**	**1,983**	**-**	**414**	**755,253**	**757,650**

Note 11. Expenses

2020:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational						
Total Operational	**-**	**-**	**-**	**-**	**-**	**-**
Administrative						
Personnel	-	-	-	-	745,673	**745,673**
Operating	-	5,838	-	-	72,500	**78,338**
Total Administrative	**-**	**5,838**	**-**	**-**	**818,172**	**824,010**
TOTAL	**-**	**5,838**	**-**	**-**	**818,172**	**824,010**

The operational expenses are not recognised since the entity is considered an agent in respect of its operations.

2019:

	GE EURO	GE USD	IT EURO	IT USD	US USD	TOTAL
Operational						
Total Operational	**-**	**-**	**-**	**-**	**-**	**-**
Administrative						
Personnel	-	-	-	-	663,086	**663,086**
Operating	-	1,983	-	414	92,167	**94,564**
Total Administrative	**-**	**1,983**	**-**	**414**	**755,253**	**757,650**
TOTAL	**-**	**1,983**	**-**	**414**	**755,253**	**757,650**

Note 12. Personnel Expenses

The figures disclosed below represent the costs of NATO personnel including salary, allowances, complementary insurance, and pension plan contributions. The amount for Personnel Expense in Note 11 is greater than the employee benefits expense defined in this note because Note 11 includes all Chapter 1 budget Personnel items such as recruitment/separation, home leave, contractor personnel expense, etc.

	31 Dec 2020 (3 people for 12 months)	**31 Dec 2019** (3 people for 7 months +2 people for 5 months)
Employee Benefits Expenses	642,619	525,074
Post Employment Benefits	30,979	21,510

The OotL does not accrue untaken leave. In accordance with CPR Article 42.3, untaken leave must be taken within the allowed time period or will be forfeited.

The OotL does not have any termination benefits. The Agency has only seconded personnel under NATO personnel contracts.

NATO Pension Schemes are accounted for centrally at NATO Headquarters and therefore are not recognized in these financial statements. NATO IS manages these systems centrally on behalf of the other NATO entities.

Note 13. Leases

The OotL has two operational leases. One lease is for an office space with the JU Huntsville CRP III Owner, LLC, which currently terminates on 31 Dec 2021. The obligated base lease payments from 01 January through 31 December 2020 amount to USD 37,929. The costs from 01 January through 31 December 2021 will total USD 39,074. In addition, the OotL pays operating expenses in the amount of USD 408 per month.

The other operational lease is for a printer for the office which went into effect on 01 October 2020 and is valid for one year. The contract lease charge is in the amount of USD 50 per month (USD 150 for 01 Oct 2020 until 31 Dec 2020) and the contract base rate in the amount of USD 22.50 per month (USD 67.50 for 01 Oct 2020 until 31 Dec 2020).

The OotL does not have any financial leases.

Note 14. Effect of Foreign Exchange Rates Changes on Cash and Cash Equivalents

The total effect is separately disclosed in the Statement of Cash Flow. The nature of exchange differences and how they are calculated is shown in the table below:

	Euro	Year-end Rate 2019 (1.09630)	Avg monthly NATO ER	Year-end Rate 2020 (1.21510)	Effect of FX Rate in EUSD
Opening Balance	92,460	101,364		112,348	10,984
Contractors Exp.	(471)		(536)	(573)	(37)
Total Balance	**91,989**				
Effect on FX					**10,948**

Note 15. Draw Down of Operations

Operational:

General Remarks:

After the completion of all operational effort in November of 2020 (legacy effort from D&D program plus safe keeping effort during liquidation phase) the OotL continues to support national requirements (e.g., price audits, information requests) and closing out contracts.

In the beginning of 2020, the prime contractor MI announced a delay in their ability to close out contracts which was later on even more impacted by the ongoing pandemic. OotL assessed this schedule shift and currently predicts the final dissolution date to be June of 2022. So far, this also resulted in two extensions of the OotL by the BoD (currently through December of 2021).

Details:

The final delivery under the MI D&D prime contract was made in mid-2020. In parallel, MI performed a complete financial reconciliation of the prime contract during the year 2020. Subsequently, the contractor submitted the final close out proposal for the open CLIN at the end of March 2021 which is currently under review and will be subject to approval by the Participants.

The MFCR#1 contract is currently under price investigation. The close out is pending, awaiting the outcome of a price audit requested by Nations.

In October 2016, NAMEADSMO i.L. – OotL awarded a bailment agreement with Lockheed Martin Syracuse on behalf of the German government

Under this agreement, industry was in possession of the property and responsible for all loss or damage of it during the bailment and until the end of the agreement. The value of the assets was approximately USD 2.642M. In April 2018, this Bailment was subsumed under CLIN006 of the LFS Cooperative Agreement. In March 2020, the hardware was transferred to DEU National contract (and CLIN 006 completed). The LFS contract is completed and currently in close out. The close out is pending, awaiting the outcome of a price audit requested by Nations.

In March 2017, NAMEADSMO i.L. – OotL awarded a bailment agreement with Leonardo SpA on behalf of the Italian government as well. The value of the assets was approximately €2.658M (USD 3.23M at year-end rate 2020).

ITA directed the OotL to have Leonardo SpA abandon these items in place in November of 2020. The contract was closed out in May 2021.

All other operational effort is completed and closed out.

Administrative:
Parallel to closing down the operational part of the agency, the OotL continues the liquidation effort on the administrative side as well. This includes but is not limited to resolving open security matters, dismantling of the office, archiving materials, etc). All this is being performed in close cooperation with NATO IS (divisions/offices) and the Nations.

Final Remarks:
No additional assets were disposed in the period of 01 January 2020 through 31 December 2020.

Un-obligated funds will be continued to be used for administrative expenses of the OotL. Unused funds will be returned to Nations.

Note 16. Write-Off

No capitalized item was written off in 2020.

Note 17. Employee Disclosure

During 2020, there was no government personnel from the USA detailed to the agency.

Note 18. Related Parties

The OotL is under direct control of NAMEADSMO i.L.'s Board of Directors.

The key management personnel of the OotL and the BoD have no related party relationships that could affect the operation of this reporting entity. Board members receive no remuneration, and the Liquidator is remunerated in accordance with the published NATO pay scales. Neither receives loans that are not available to all staff.

NATO IS, who deals with NATO pensions on behalf of other NATO entities, is a related party due to the OotL's pension plans being handled centrally at NATO HQ. NATO IS performed administrative support services for the OotL in 2020. No fees were charged to OotL for the period ending 31 December 2020.

During 2020, there is one key management personnel - the Liquidator. The aggregate remuneration of key management personnel includes salary, allowances, and complementary insurances and was as follows for the period 01 Jan – 31 Dec 2020:

	31 Dec 2020 (1 person 12 months)	**31 Dec 2019** (1 person 12 months)
Aggregate Remuneration	258,663	248,556

Note 19. Representation Allowance

There were no qualifying officials to receive Representation Allowance in 2020.

Note 20. Events after the Reporting Date

At the end of March 2021, OotL received a proposal for the conversion of MEADS D&D into a firm fixed price which would close out the open CLIN on the prime contract. If accepted, it is considered likely that approximately USD 1.4M in funds could be de-obligated. This would have an impact on the budget special carry forwards reflected in the Budget Execution Statement for the year. However, this proposal has yet to be fully assessed and requires the approval of the BoD before it can be executed, and the prime contract amended accordingly.

Furthermore, as of September 2021 the OotL was extended through 31 August 2022.

Otherwise, there have been no other events between the reporting date and the date the financial statements are re-issued (19 November 2021) that would affect the amounts recognized in these financial statements.

G. Report of Management

The North Atlantic Treaty Organization (NATO) Medium Extended Air Defense Missile System Management Organization in Liquidation's (NAMEADSMO i.L.) Financial Statements have been prepared in accordance with the NAF as adopted by the NAC. The NAF is an adaptation of the IPSAS. The Agency's system of internal financial control is designed to provide reasonable assurance regarding the reliability of financial reports and the preparation of financial statements.

The NAMEADSMO i.L. Financial Statements are approved and certified by the Liquidator and the Financial Controller respectively to the best of their knowledge and according to the applicable accounting standards to give a true and fair view, in all material respect, of the assets, liabilities, financial position and financial performance of NAMEADSMO i.L. and to be in accordance with the books and records maintained.

Nils Kusserow
Liquidator

Mandy Geyer
Financial Controller (acting)

Annex I – Budget Execution

The Budget Execution Statement (BES) for the current reporting period 01 January 2020 through 31 December 2020 is presented on the accrual basis of accounting. For transparency purposes, both the Operational and the Administrative Budgets are shown.

"Accrual Basis" provides full visibility of revenues and expenses recorded in the period when they are earned, irrespective of the actual cash flows (according to NAF).

The funds shown for the Operational Budget 2020 reflect the maximum amount that is being authorized to be committed and spent. The remaining cash holdings are expected to be returned to the respective national treasuries.

The funds shown for the Administrative Budget 2020 reflect only the current year authorizations. Remaining funds are available for future years until dissolution. The remaining cash holdings are expected to be returned to the respective national treasuries.

Statement of Budget Execution as at 31 December 2020

Equivalent USD	Original estimated budget for 2020	Special Carry Forward 2019/2020	Special Carry Forward Adjustment 2019/2020	1st Budget Amendment	2nd Budget Amendment	Final budget 2020/ Appropriations	Commitments	2020 Expenses	Special CFw for Uncommitted Appropriations 2020 - 2021	CFw for Committed Appropriations 2020 - 2021	Lapses
Budget 2020 Operational											
Chapter 3	-	-	-	381	190	571	561	561	-	-	10
Total FY 2020	**-**	**-**	**-**	**381**	**190**	**571**	**561**	**561**	**-**	**-**	**10**
Budget 2020 Administrative						-					
Chapter 1 Personnel	680,200	-	-	252,100		932,300	745,673	745,673	-	-	186,627
Chapter 2 Admin/Svcs	199,300	-	-	(9,900)		189,400	73,585	73,585	-	-	115,815
Chapter 4 Investments	29,000	-	-	-		29,000	4,753	4,753	-	-	24,247
Total FY 2020	**908,500**	**-**	**-**	**242,200**	**-**	**1,150,700**	**824,010**	**824,010**	**-**	**-**	**326,690**
Budget 2019 Operational											
Total FY 2019	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Budget 2019 Administrative											
Total FY 2019	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Budget 2018 Operational											
Chapter 3	-	2,349,032	68,162	(750,000)		1,667,194	79,830.74	79,830.74	1,587,363	-	-
Total FY 2018	**-**	**2,349,032**	**68,162**	**(750,000)**	**-**	**1,667,194**	**79,831**	**79,831**	**1,587,363**	**-**	**-**
Budget 2018 Administrative											
Total FY 2018	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Operational	**-**	**2,349,032**	**68,162**	**(749,619)**	**190**	**1,667,765**	**80,391**	**80,391**	**1,587,363**	**-**	**10**
Total Administrative	**908,500**	**-**	**-**	**242,200**	**-**	**1,150,700**	**824,010**	**824,010**	**-**	**-**	**326,690**
Total all Budgets	**908,500**	**2,349,032**	**68,162**	**(507,419)**	**190**	**2,818,465**	**904,402**	**904,402**	**1,587,363**	**-**	**326,700**

Explanation of Special Carry Forward, Carry Forward and Lapsed Credits/Ending Balance:

Operational Budget:

The Budget Execution Statement (BES) shows special carry forward in order to recognize the nature of funds. Special carry forward are funds of uncommitted appropriations for a clearly identified purpose.

In the BES, the total amount of special carry forward of uncommitted appropriations on 31 December 2020 for Chapter 3 (Design and Development) is EUSD 1,587,363. These funds are allocated to the prime contract with MEADS International (MI) which are not related to any active specific work to be performed but to cover the final price settlements of “cost reimbursement” contracts.

The total amount of lapses represents funds that were budgeted for other OB related expenses but not obligated.

Administrative Budget:

The lapsed credits of EUSD 326,690 are funds that were approved by the BoD for the entire Administrative Budget 2020 but were not obligated or spent by the end of 2020.

Lapsed credit amounts for Chapter 1 – Personnel (EUSD 186,627) are mainly due to personnel costs being lower than budgeted (only 1 removal took place instead of 3 due to the extension of the agency resulting in EUSD 141,550 lapses; EUSD 12,000 lapsed due to untaken home leave because of the global pandemic). Lapsed credit amounts for Chapter 2 – Admin/Services (EUSD 115,815) and Chapter 4 are mainly funds approved by the BoD but not obligated/spent due to the extension of the agency past 31 December 2020.

Budget Transfers

For the Administrative Budget, transfers of credits between budget chapters can be made after approval of the BoD. The Liquidator may authorize transfers within any chapter between items and among sub-items within an item concerning recurring expenditure and within any item concerning capital expenditure. No transfers within the Administrative Budget occurred in 2020, however the BoD approved an amendment to the budget after the agency was extended through 31 December 2020.

For the Operational Budget, transfers of credits between budget chapters and items can be made after approval by the BoD. The Liquidator may authorize transfers between sub-items within any chapter item. No transfers within the Operational Budget occurred in 2020, however the BoD approved amendments to the budget.

Budget Execution Reconciliations

Reconciliation of expenses in the Statement of Cash Flows to the expenses in the Budget Execution Statement

	Administrative	Operational
Statement of Cash Flow - Cash paid to Contractors/ Suppliers and Employees	**816,253**	**184,894**
Less:		
Accruals 2019	(32,959)	(132,217)
Plus:		
Accruals 2020	40,716	27,689
Variation on year-end rate 2019 vs. MoU rate on accrued expenses 2020		-
Variation for Expenses (avg. NATO ER vs. MoU rate)		25
BES Expenses	**824,010**	**80,391**

Reconciliation of the expenses in the Statement of Financial Performance to the expenses in the Budget Execution Statement

	Administrative	Operational
Statement of Financial Performance Expenses	**$ 824,010**	**$ -**
Plus:		
Cash paid to contractors		80,367
Adjustments for Euro payments at average NATO ER vs MoU Rate for		
- Other OB related charges		25
BES Expenses	**$ 824,010**	**$ 80,391**

Annex II: Budget Calls and Receipts

The Operational and Administrative Budget contributions are called based on cash requirements and within the FMPD schedule and limits. The Operational Budget reached the contribution ceiling in 2013, the Administrative Budget reached the contribution ceiling in 2014 and as such there were no calls made in 2020 by the OotL