

**NON-PROFIT ASSOCIATION
HELSINKI-TALLINN EUREGIO**

ANNUAL REPORT

2011

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2011 ANNUAL REPORT

Commercial registry code:	80195874
Principal activity:	The objective of the association is to contribute to the cross-border regional cooperation between Estonia and Finland and to make the association's cooperation area well known.
Financial year:	1 January – 31 December 2011
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2011 ANNUAL ACTIVITY REPORT

The association was established on 22 June 1999 to achieve the objectives set out in Helsinki-Tallinn Euregio cooperation agreement. Helsinki-Tallinn Euregio was registered as a non-profit association on 3 December 2003. The aim of the association is to strengthen the cooperation between Estonian and Finnish capital regions and to find new opportunities for joint activities.

Main spheres of activity:

- Forum for political debates
- Cross-border and inter-regional cooperation projects
- Exchanging experience with its partner organisations
- Mediating know-how and information

Members:

The City of Helsinki (<http://www.hel.fi/>)

The City of Tallinn (<http://www.tallinn.ee/>)

Uusimaa Regional Council (<http://www.uudenmaanliitto.fi/>)

The Republic of Estonia (www.riik.ee) represented by Harju County Government (<http://www.harju.ee/>)

The Union of Harju County Municipalities (<http://www.hol.ee/>)

Helsinki - Tallinn Euregio had one extraordinary general meeting and one regular general meeting, two Board meetings, one virtual board meeting and two secretariat meetings in 2011. The Board had five members and they did not receive any salary.

Helsinki - Tallinn Euregio had two project managers in 2011; the system of outsourcing services was used.

The total sum of the salaries of the employees with social and unemployment tax as well as vacation reserve was € the work of the Harju County Government for charging the secretariat was compensated with €

The priorities in 2011 were: interaction in spatial and regional planning (3.1), creation of innovative and a barrier free entrepreneurship environment (3.2) and continuous development of twin-region of arts and sciences (3.3).

For implementation of priorities in 2011 Euregio focused mainly on fulfillment of the project - Helsinki-Tallinn Transport and Planning Scenarios – HTTransPlan (3.1, 3.2, 3.3). Euregio is the lead partner and together with the Finnish partners the project has 14 partners. The project has also 15 associated partners (without financial contribution). The aim of the project is to provide analysis for improving transport connections of Helsinki – Tallinn Twin-City region. 4 scenarios for transport systems development and related urban planning will be worked out based on the mobility study, research by universities and work with focus groups. The project is expected to end with the joint Vision and agreed Road Map of transport development and urban planning. The Road Map leads to an agreement on 3-5 strategic projects, which authorities and other stakeholders on both sides of the Finnish Gulf can start to implement after the project.

For implementation of the project in 2011 methodology for compiling the scenarios and analysing the region have been worked out. 4 scenario drafts have been compiled and discussed and improved in the focus groups on urban planning, transport and entrepreneurship. The mobility study between Helsinki and Tallinn has been launched based on mobile positioning. The first 1000 interviews have been made in ports for studying mobility. A report on cargo traffic on Helsinki-Tallinn route has been compiled.

- (3.1,3.2, 3.3) In 2011 Euregio dealt comprehensively with mapping the opportunities of the new Interreg programme and preparations for launching new programmes: a large number of meetings and working groups were organised for this reason on both sides of the Gulf and the interests of all parties were mapped;

- (3.2 and 3.3) the work on development of cooperation of twin-city TVs was continued, meetings and roundtables were organised and an obvious result was achieved in raising the effectiveness of cooperation practices;

- work on implementation of the result of the forum on Common Information Space that took place last year was continued.

The goal of the forum Helsinki-Tallinn Capital Regions Common Info Space was to make a step towards creation of the common information space and present ideas about the development trends of the media consumption. The representatives of the mainstream and social media have continued the using the opportunities of media consumption in Helsinki and Tallinn capital regions. As a result of the social media working group very active discussion has continued in facebook as well as in other online environments like qaiku etc. On the issues of twin-city and twin-citizens.

- (3.1.,3.2.) Euregio worked on the cooperation project corresponding to the interests of municipalities of Harju County and Uusimaa Region in order to submit it for financing. Euregio organised a large number of cooperation negotiations with various Estonian and Finnish partners for specification of the cooperation areas. Culminatum became the lead partner of the project which was planned last year and the project's progress has not satisfied the Estonian municipalities. Therefore Euregio continued mapping the opportunities of a joint project.

- (3.2. and 3.3.) Euregio made preparations for the OECD study on cross-border regional innovation policy that would cover Helsinki-Tallinn region. The content of the research project is the analyses of the regional innovation policies including identifying the opportunities for improvement of innovation support mechanisms. Euregio has formed a consortium of the City of Tallinn, the City of Helsinki, the Uusimaa Regional Council, the Finnish Ministry of Transport, the Ministry of Economic Affairs and Communications and is signing partnership agreements with all partners of the consortium. Euregio represents the consortium partners in the cooperation agreement signed with OECD. The project should have started in the beginning of 2011 but due to the inability of OECD to coordinate so many partners as they wished to include, the project's start has been postponed to the year 2012.

Activities planned for the year 2012:

- the implementation of the activities as the lead partner of the HTTransPlan project (2011-2012) will continue in accordance with the project plan and time schedule;

- the preparatory work for organisation of Euregio Forum in October or November 2012 will continue;

- the work on development of the knowledge region concept and planning of the necessary activities for its implementation will continue;

- the administrative work for the OECD study on cross-border regional innovation policy will continue;
- the coordination of the activities planned in Helsinki and Tallinn will be continued, including information exchange, exchange of experiences, identifying opportunities for organising joint events;
- the work on enhancement of partnership between Uusimaa Region and Harju County and working out a tourism project will continue;
- Euregio will continue finding partners for the present interest groups and organisations involved in Euregio activities for development of cooperation and working out joint projects.

ANNUAL ACCOUNTS

BALANCE SHEET

ASSETS	Note no	31.12.2011 (in EUR)	31.12.2010 (in EUR)
CURRENT ASSETS			
Money and bank accounts	(2)	62 394	121 771
Receivables from target financing	(3)	116 517	0
Advance payments for the costs of the future periods	(4)	58	0
TOTAL CURRENT ASSETS		178 969	121 771
FIXED ASSETS			
Other tangible fixed assets	(5)	0	6 247
Depreciation of fixed assets	(5)	0	-6 247
TOTAL FIXED ASSETS		0	0
TOTAL ASSETS		178 969	121 771
LIABILITIES			
LIABILITIES			
Debts to suppliers	(6)	1 449	20 086
Tax arrears	(7)	2 691	0
Debts to employees	(8)	5 471	1 899
Other accruals	(9)	281	73
Liabilities related to financing for specific purpose	(10)	92 650	18 750
TOTAL LIABILITIES		638 513	118 352
NET ASSETS			
Cumulative total net gain of previous periods		80 963	89 793
Total net gain of the accounting year		-4 536	-8 830
TOTAL NET ASSETS		76 427	80 963
TOTAL LIABILITIES		178 969	121 771

REVENUE AND EXPENDITURE ACCOUNT

	Note no	2011 (EUR)	2010 (EUR)
REVENUE		284 490	123 298
Membership fees	(11)	88 240	123 021
Revenues from projects financed for specific purposes	(11)	196 250	0
Non-targetted allocations	(11)	0	277
COSTS		289 094	132 935
Explicit costs of projects financed for specific purposes	(12)	42 847	0
Intermediation costs	(12)	161 972	0
Various operational expenditure	(13)	62 208	94 310
Labour costs	(14)	22 067	37 452
Wage expenditure		16 851	27 759
Tax expenditure		5 217	9 693
Depreciation of fixed assets	(5)	0	1 173
Total net gain of the principal activity		-4 604	-9 637
Other financial revenue	(15)	68	806
Total net gain of the accounting year		-4 536	-8 830

CASH-FLOW STATEMENTS

Note no	2011 (EUR)	2010 (EUR)
Cash flow from the principal activity		
Total net gain of the accounting year	-4 536	- 8 830
Adjustments		
Depreciation of fixed assets (5)	0	1 173
From outstanding payments to suppliers	-116 575	0
Unpaid costs of the accounting year	77 680	14 397
From tax arrears	2 691	-1 179
Total cash flow of the principal activity	-59 377	25 586
Cash-flow altogether	-59 377	25 586
Money and equivalents by the beginning of the period	121 771	96 185
Money and change in equivalents to money	-59 377	25 586
Money and equivalents by the end of the period	62 394	121 771

CHANGE IN NET ASSETS

2009 (EUR)	Initial balance	Increase	Final balance
Total net gain of previous periods	85 010	0	85 010
Total net gain of the accounting year	0	4 783	4 783
Net assets	85 010	4 783	89 793

2010 (EUR)	Initial balance	Increase	Final balance
Total net gain of previous periods	9 793	0	89 793
Total net gain of the accounting year	0	-8 830	-8 830
Net assets	89 793	-8 830	80 963

2011 (EUR)	Initial balance	Increase	Final balance
Total net gain of previous periods	80 963	0	80 963
Total net gain of the accounting year	0	-4 536	-4 536
Net assets	80 963	-4 536	76 427

NOTES ON THE ANNUAL ACCOUNTS

Note 1. Bases for the annual accounts

Annual accounts of 2011 are compiled ensuing from the good accounting framework of the Republic of Estonia. Main requirements of the good accounting framework are established in the Accounting Act that is supplemented by the Regulations of the Republic of Estonia and the Minister of Finance, as well as guidelines, standards, and recommendations issued by the Estonian Accounting Standards Board.

While entering the total net gain of 2011 into accounts, the Guideline 14 of the Estonian Accounting Standards Board "Non-profit Associations and Foundations" was taken as a basis. As non-profit association Helsinki-Tallinn Euregio is a non-profit association belonging to the public sector additional requirements of the general guidelines of the accounting of the Republic of Estonia have been followed when formulating the principles of accounting and presenting the report.

Annual accounts have been drafted in euros.

Money and its equivalents

In the cash-flow statements, cash, transferable deposits in the banks, and money market shares are reflected as money and its equivalents.

Tangible fixed assets

Tangible fixed assets are considered assets used in the economic activities of the non-profit association with the useful life over one year and with the value starting from 2000 euros. Tangible fixed assets are initially registered in the accounting documents at their acquisition cost, which consists of the purchase price (incl. customs duty and other irrecoverable taxes) and expenses directly connected to the acquisition, which are necessary for bringing the assets into its working condition and location. Tangible fixed assets are reflected in the balance sheet at its acquisition cost from which the cumulative depreciation and discounts ensuing from the possible decrease in its value have been deducted.

Depreciation is calculated linearly guided from the following anticipated useful lives:

Other inventory and IT devices 2,5 years

Revenues

Membership fees are reflected as revenue in those periods when they are received.

Transactions in foreign currency

Transactions in foreign currency and financial assets and liabilities fixed in foreign currency. While reflecting the transactions fixed in foreign currency, the official exchange rates of the

Bank of Estonia effective on the day of transaction has been taken as a basis. Revenue and loss gained from foreign currency transactions are reflected in the income statement as revenue and expenditure of the period. Monetary financial assets and liabilities fixed in foreign currency, as well as non-monetary financial assets and liabilities that are reflected on the method of fair value are revaluated into euros on the basis of the official foreign currency rates of the Bank of Estonia on the balance day.

Cash-flow statement

Cash-flow statement shall be presented on an indirect method.

Financial assets and liabilities

While assessing financial assets and liabilities a method of corrected acquisition cost is used. The transactions are reflected on the day when they take place.

Targeted financing

Targeted financing is reflected as revenue in those periods when costs appear for the compensation of which the targeted financing is meant. Targeted financing that is received for the costs appeared during the previous periods or that do not cause additional conditions targeted into the future are reflected as revenue in the period when the targeted financing took place. Targeted financing is not reflected as revenue before there is enough certainty that the company complies with the conditions connected with the targeted financing and the targeted financing is received. Possible liabilities accompanied by targeted financing are reflected in the report as appropriations or potential liabilities. Targeted financing is reflected on gross method.

Non-profit association Helsinki-Tallinn Euregio as a non-profit association belonging to the public sector follows in addition to the abovementioned the requirements of the general guidelines of the accounting of the Republic of Estonia while reflecting the target financing. If the target financing is transferred to the intermediary, then the intermediary reflects it as an outstanding payment based on the accrual method of accounting.

Note 2. Money and bank accounts

	31.12.11	31.12.10
The sum on the bank account of Swedbank	55090	115024
The sum on the bank account of SEB	913	356
Term deposit SEB	6391	6391
Total	62394	121771

No cash in the cash register.

Note 3 Receivables from target financing

	31.12.2011	31.12.2010
Helsinki City	2 917	0
INTERREG IVA H-TTransPlan Euregio	20 950	0
INTERREG IVA H-TTransPlan partners	92 650	0
Total	116 517	0

Note 4 Outstanding payments for the costs of the future periods

	31.12.2011	31.12.2010
Elion Ettevõtted	51	0
Tallink Group AS	7	0
Total	58	0

Note 5. Fixed assets

	Other tangible fixed assets	Total
Balance as of 31.12.2010		
Acquisition cost	97 742	97 742
Depreciation of fixed assets	-97742	-97742
Residue value	0	0
Changes occurred in 2011	0	0
Balance as of 31.12.2011		

Note 6. Debts to suppliers

Name	31.12.11	31.12.10
Elion Ettevõtted AS	0	59
Netpoint Systems OÜ	0	22
Laverna Puhastustööde OÜ	9	5
Helsinki City	0	20 000
Rödl & Partner OÜ	1 440	0
Total	1 449	20 086

Note 7. Tax arrears

Name	31.12.2011	31.12.2010
Social tax	1 587	0
Unemployment insurance 1,4%	135	0
Withheld income tax	850	0
Withheld unemployment insurance	67	0
Funded pension	52	0
Total	2691	0

Note 8. Debts to employees

Name	31.12.11	31.12.10
Wage liability	1 887	0
Vacation pay liability	3 584	1 899
Total	5 471	1 899

Note 9. Other accruals

Name	31.12.2011	31.12.2010
Credit card debt	281	73
Total	281	73

Note 10. Liabilities related to financing for specific purpose

Name	31.12.2011	31.12.2010
INTERREG IV A H-TTransPlan partners	92 650	
OECD project	0	18 750
Total	92 650	18 750

Tallinn Enterprise Board and Ministry of Economic Affairs and Communications participate in the OECD project and paid their participation fees to the account of NPA Helsinki-Tallinn in the end of the year 2010 and it will be transferred to OECD in 2011. In 2011 started the H-TTransPlan project where NPA Helsinki-Tallinn Euregio is the lead partner. The role of the lead partner in 2011 is to compile and submit the financial reports to INTERREG IV A secretariat. The sum of 92 650 euros includes receivables from the partners to NPA Helsinki-Tallinn Euregio during the financial period of 01.04-31.12.2011.

Note 11. Revenue

Revenue in the sum of **284 490 euros** as shown in the revenue and expenditure account constitute of the membership fees of the non-profit association.

Membership fees

Membership fees are reflected as revenue in the period for which they are received.

Member	Liability 2011	Performance 2011	Liability 2010	Performance 2010
City of Helsinki	20 000	20 000	30 755	30 755
Uusimaa Regional Council	20 000	20 000	30 755	30 755
City of Tallinn	24 684	24 684	38 794	38 794
Harju County Government	12 782	12 782	11 943	11 943
Union of Harju County Municipalities	10 774	10 774	10 774	10 774
Total	88 240	88 240	123 021	123 021

Non-targeted allocations

Non-targeted allocations	2011	2010
HOL	0	277
Total	0	277

Explicit revenues from projects financed for specific purposes

Revenues of the target-financed projects	2011	2010
INTERREG IV A H-TTransPlan project revenues	158 750	0
Revenues received by NPA H-T Euregio	13 328	0
Revenues claimed by H-T Euregio	20 950	0
Partners' revenues received	31 822	0
Revenues claimed by partners	92 650	0
OECD Project's revenues	37 500	0
OECD revenues received	34 583	
OECD revenue claimed from the Helsinki City Government	2 917	0
Total	196 250	

Note 12. Explicit costs of projects financed for specific purposes

The cost for the H-TTransPlan project include the financing from the ERDF as well as the co-financing of the NPA Helsinki-Tallinn Euregio. NPA Helsinki-Tallinn Euregio does not co-finance OECD project and only mediates costs.

Costs of the target-financed projects	2011	2010
INTERREG IV A H-TTransPlan	167 319	0

costs		
Costs of the NPA H-T Euregio	42 847	0
Costs mediated to partners	124 472	0
Mediation of OECD project's costs	37 500	0
Total	204 819	0

Additional off-balance-sheet information about the target financing that will be received and allocated in the future

	31.12.2011	31.12.2010
Receivable target-financing		
Revenues regarding the OECD project for intermediation in 2012	37 500	75 000
H-TTransPlan project's revenues to NPA H-T Euregio	52 642	89 062
Revenues regarding the H-TTransPlan project for mediation	164 065	354 497
Total receivable target-financing	254 207	518 559
Target financing that will be allocated		
Intermediation of the OECD project	37 500	75 000
Intermediation of the H-TTransplan project	164 065	354 497
Total Target financing that will be allocated	201 565	429 497

The revenues and costs that will be received and mediated have been shown in the contracts signed between OECD and NPA Helsinki-Tallinn Euregio on 18.11.2010 and Interreg IV A secretariat and NPAHelsinki-Tallinn Euregio on 29.12.2010.

Note 13. Various operational expenditure

Various operational expenditure in the sum of **62 208** euros are office costs, costs of the rental space, travel and daily allowances, value added tax, purchase of services related to NPA Helsinki-Tallinn Euregio activities.

Operational costs	2011	2010
Forum	0	21 398
Travel and daily allowances	6 865	10 741
Rental of office spaces	7 218	5 976
Purchase of services	35 391	42 140
Office costs	7 600	6 709
Turnover tax for expenditure	5 234	7 346
Total	62 208	94 310

Note 14. Labour costs

In the labour costs, the wage and vacation costs of NPA Helsinki-Tallinn Euregio have been reflected in the sum of **22 067** euros.

	2011	2010
Labour costs		
Salary	15 166	27 759
Vacation reserve	1 685	0
Social tax	5 005	9 299
Unemployment insurance	212	394
Total	22 067	37 452

Note 15. Other financial revenue

	2011	2010
Fixed-term deposit	0	687
Bank interests	68	119
Total	68	806

Note 16. Rental use

In 2008 a contract to rent the rooms for the office at Vabaduse sq.10 was concluded with Tallinn City Office. The costs for rent are 2 264 euros in 2011 (2 180 euros in 2010) and the predicted cost for rent will be 2 450 euros next year.

SIGNATURES OF THE MANAGEMENT BOARD TO THE ANNUAL REPORT 2011

Management Board of the non-profit association Helsinki - Tallinn Euregio has compiled an annual report of the year 2011 which includes a management report and annual accounts.

Annual report is compiled in euros.

Annual report of the year 2011 has been approved on xxxxxxxxxx, 2012 by the Management Board and it has been signed by all the representatives of the members of the Association.

Taavi Aas
Member of the Board

Pekka – Markus Sauri
Member of the Board

Ülle Rajasalu
Member of the Board

Ossi Ilmari Savolainen
Member of the Board

Kaupo Rätsepp
Member of the Board