

# European Center for Not-for-Profit Law Stichting

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## Annual Report 2019

Voor identificatiedoelinden  
Schoonhoven, d.d.  
Versluis Accountancy B.V.  
J. Versluis RA

*30/6/2020*  
*Versluis* *HN*

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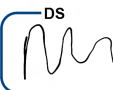
European Center for  
Not-for-Profit Law

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## // Strengthening global standards for freedom of assembly

Freedom of peaceful assembly is the backbone of an active civil society, enabling its members to effectively participate in public life and voice their opinions around issues. However, this fundamental right is increasingly under attack: governments are imposing restrictions to stifle dissent and are also trying to control online communication tools to hinder the organisation of physical or digitally mediated demonstrations. To counter this trend, ECNL supported the ongoing development of the General Comment on the right to peaceful assembly for the United Nations (UN) Human Rights Committee. As an authoritative legal interpretation, the General Comment provides guidance for the right's practical implementation: it will clarify States' obligations to facilitate assemblies and limit potential for arbitrary interferences. It is also an invaluable tool for future litigation.

ECNL supported the drafting process with a number of initiatives. We set up an informal coalition of over 20 CSOs to coordinate regarding responses to the requests of the Committee to ensure that that our interventions and arguments are mutually helpful and complementary. ECNL conducted research and produced an online Library of UN and regional materials on freedom of assembly to provide the Committee members with a useful resource.

We also facilitated consultations between Committee members and CSOs so partners can directly share experiences and expertise; and hosted a meeting for the Committee on digital mediated assemblies with a view for standards to protect the use of new technologies as a tool to organise and hold assemblies. One Committee member noted:

*“[a] wonderful workshop with so many excellent experts. I think we all learned quite a bit — certainly I did, and it will serve us well on the Committee to have these reflections in mind when reviewing the text.”*

## // Supporting community engagement and local philanthropy

As the philanthropic sector and the use of digital technologies have grown, so have opportunities for CSOs to adopt new fundraising practices from their communities. Questions about how to appropriately regulate these new practices are also increasingly pertinent. ECNL launched an initiative to enhance understanding of the respective roles that regulation and self-regulation play in fundraising.

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With a core group of experts, in 2019 ECNL developed global principles affecting fundraising. Our research, underpinning these principles, identifies the common interests and intersections of the philanthropic sector, government, and other stakeholders in maintaining strong, well-resourced CSOs while also building public trust. We intend the Fundraising Principles to assist decision-makers from all sectors and at all levels to make informed decisions regarding the appropriate use of regulatory methods in their contexts, which in turn will enable CSOs to access philanthropic resources so they can successfully fulfil their missions. The Fundraising Principles are to be released in 2020.

## // Strengthening a community of CSOs and coalitions to counter negative effects of counter-terrorism and anti-money laundering measures

ECNL has over years of direct experience working on countering negative effects of counter-terrorism, counter-terrorism financing and anti-money laundering (CT, CFT, AML) policies on civic freedoms and improving access to financial services (de-risking). Our approach is two-prong: (1) changing global and regional standards and narratives; and (2) building knowledge and resilience of national civil society actors to engage in and to advocate for enabling national laws and policies. In this process we also engage with government and banks to provide expertise and facilitate dialogue. In addition, we engage with the UN Human Rights Council, the UN General Assembly and other UN counter terrorism bodies around the implementation of the Global Counter Terrorism Strategy, and UN resolutions and their impact on civic space.

In 2016, ECNL, with a coalition of CSOs achieved a transformative change: the narrative, previously enshrined in the global standard of the Financial Action Task Force (FATF) that all CSOs are particularly vulnerable to terrorist abuse, was dismantled. A significant justification for restrictive laws was removed, and now the new standard requires countries to identify if and which CSOs are at risk and to adopt proportionate measures. To aid implementation, ECNL and its partners convened a global Expert Hub of 36 activists from 26 countries on AML/CFT, committed to lead initiatives in their own countries in this field. ECNL trains them on how to apply the new standard, rebut attacks on their operations and how to engage with banks to avoid closure or suspension of CSO bank accounts. Hub members now build their own coalitions, document the effects of AML/CFT measures in their own countries, develop strategies and reform laws. With our support, Hub members in Kyrgyzstan, Tunisia developed joint government-CSOs risk assessments, a best practice which is attracting global interest. In Tunisia, this

process transformed the relationship between the CSOs and the government, with the latter convening a working group to consider relevant legal issues.

## // Empowering CSOs and coalitions to protect their spaces to assemble

The rights to assemble, demonstrate, protest and gather together in public space, are central elements of a democratic society and a crucial means of citizens (and others) to collectively express their views, contribute to social, cultural and political discourse, and hold the authorities to account. In a new era of mass protests, people fighting for a better society increasingly take to the streets and organize, but are routinely confronted by obstacles to their fundamental right of peaceful assembly such as violent policing, surveillance, criminalization of protesters or technological controls. ECNL helps activists protect their rights by working with a network of partners from 12 countries (Albania, Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Moldova, Montenegro, Kosovo, Serbia and Ukraine) to research the levels of protection for the right to freedom of assembly, monitor protests and advocate for reform.

In 2019 we worked further with our informal group to further increase their capacity to observe assemblies so that they can gather more primary data which can be used for evidence-based local advocacy. With the OSCE Office for Democratic Institutions and Human Rights (ODIHR), we delivered a training to give our partners the skills to connect with other activists in their countries and start building up their own network of monitors to track infringements in a more systematic and sustainable way. ECNL also released a [user-friendly briefer on the basic principles of monitoring](#): this is a quick rundown of key issues human rights groups or individuals have to consider before, during and after monitoring public assemblies. As one of the immediate follow up steps, ECNL supported an ad-hoc international monitoring mission, which allowed our partner in Belarus to monitor the Sarajevo Pride. With Bosnia and Herzegovina being the last country in the Balkan region to host such a parade, the Pride was a high-profile event of symbolic importance for the local LGBT community – in Belarus authorities routinely ban such marches.

## // Co-creating tools and platforms for civic action

Over 3 years, ECNL and 7 local partners from Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine, in consultation with over 800 CSOs produced the [CSO Meter](#) – the first locally owned monitoring tool on enabling environment in the region. The Meter provides a methodology to monitor and analyse how laws



and practices enable or restrict CSO operation, funding and advocacy in the countries. Based on this, our partners produce country reports that highlight good practices, civic space restrictions and provide recommendations for change. The pilot monitoring in 2019 focused on identifying solutions: in the reports local partners formulated a total of 273 recommendations under the 10 enabling environment areas that provide a baseline for future advocacy on how the environment could and should be improved in the EaP countries. As an immediate impact, our partner in Armenia could rely on the CSO Meter findings to successfully push back against burdensome reporting requirements proposed by the state authorities (see below for details).

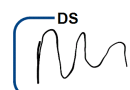

## // Developing guidance for legal reform and operations

The demand for the Handbook on Registering a Civil Society Organisation was an inspiration for ECNL to scale up this initiative. This resource provides easy-to-use information on laws regarding incorporation and operation of CSOs, and with Volume Two published in 2019, it now provides guidance on legal frameworks in 17 countries. We deepened partnership with pro bono lawyers to create access to legal expertise. We are currently working with lawyers to further expand the list of countries, but also to make available template documents for CSOs to use when registering.

## // Contributing towards Artificial Intelligence (AI) standards that consider civic freedoms

ECNL continues to map how digital technologies and AI have the potential to improve lives but also restrict civic freedoms (e.g., by monitoring CSOs or intimidating protesters). To address emerging needs around use of tech and AI and its impact on civic space, ECNL engaged in initiatives that help set standards, generate knowledge and understanding about the issues and launch discussion about actions to take to make the use of AI but also prevent potential negative impact on civic freedoms.

At the 2019 Mozilla Festival, ECNL launched a discussion about the impact of algorithms on our freedom to assemble and protest with a group of lawyers, activists, technologists and academics. We agreed that for potential solutions legal and human rights professionals must develop broader networks to merge knowledge, experience, ideas and peer connections by a diverse group. ECNL

  
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continues to explore this field so that we can protect and advance civic freedoms and by combining law and tech.

In parallel, as regional and global institutions debate how to ensure an ethical and legal framework for the design, development and use of algorithm-based systems, we continue our efforts to integrate the protection of civic freedoms in AI related regulations. In Europe, the Council of Europe (CoE), in particular, has taken several steps towards providing Europe-wide standards for the responsible development and use of AI. ECNL became actively involved in the process early on and two CoE documents: *Recommendation on the human rights impact of ADMs* and the *Commissioner for Human Rights' Recommendation on AI* include our recommendation that any development of technology should have systems to assess potential threats to civic freedoms. ECNL also became one of the two CSO representatives in the *CoE inter-governmental committee* working to identify legal frameworks for responsible development and use of AI.

On the EU-level, as members of the *European Artificial Intelligence Alliance*, ECNL provided input in the development of the *EU Ethics Guidelines*, which reflects many of our recommendation. The Guidelines explicitly recognize that a trustworthy AI must be grounded in fundamental rights and that the protection of freedoms of association and assembly contribute to forming a basis for such trustworthy AI.

## // Supporting national level actions

Financial sustainability is a key challenge for the non-profit sector in **Moldova**, where more than 80% of funding comes from foreign sources. ECNL worked with partners to support their advocacy for an improved environment for philanthropy so that CSOs can raise more funds locally. In 2019 we supported the creation of a new CSO platform that seeks to be a common voice of organizations in the field of philanthropy. The platform has brought together the most active organizations to promote the need for law reform, but also improve self-regulation standards for organizations that engage in public fundraising. Launching the platform ensures that there is a group of local stakeholders that can push for future reforms ensuring that CSOs have a strong voice in any future discussion on philanthropy in the country.

In October 2018 the Government of the Republic of **Armenia** published for consultation amendments to the Law of the Republic of Armenia on Public Organizations. The amendments aimed to increase annual reporting obligation for all CSOs and require data that would violate privacy of individual donors, founders and staff. ECNL supported the partners in their advocacy efforts. Together we developed arguments to help decision makers put forward progressive solutions, prepared comments from comparative perspective nothing how international standards in the area of reporting and transparency regulate the field and





developed a comparative overview showing what are the practices in other countries on CSO reporting. As a result of these efforts, in August 2019 a new version of the proposed amendments to the law was published without the restrictive provisions. In March 2020, despite being in a state of emergency, the Parliament adopted the proposed amendments which now require all CSOs to provide annual report but it is not burdensome and threatening the privacy of donors.

# I. GENERAL

## 1.1 Description of operational activities

ECNL is a leading European resource and research center in the field of policies and laws affecting civil society. ECNL 's experts have provided support that has directly and positively influenced more than 60 policies and laws affecting CSOs in Europe and Eurasia.

### *Shaping policies affecting civil society*

Our expertise covers policies and laws that affect freedom of association and assembly, mechanisms that promote dialogue, cross- sector collaboration and emerging issues which affect CSOs, such as counter- terrorism policies or fundraising laws.

### *Advocating for enabling environment for civil society*

We advocate for shaping of norms in line with universal guarantees for freedom of association and assembly. We cooperate with CSO networks on European and global level, with officials from the EU, UN and other stakeholders in order to contribute to the setting of policies that affect CSOs.

### *Empowering local stakeholders*

We empower local stakeholders to engage in policy dialogue through a variety of means (participatory law reform and inter- sectoral partnerships). We support organizational development, accountability and transparency of CSOs to ensure they can carry out their missions most effectively.



## ***Monitoring implementation***

We collaborate with local partners to increase understanding of the adopted policies and laws. By developing tools and mechanisms for monitoring the implementation we ensure the effective and progressive implementation.

## ***Creating knowledge base***

Through research and analysis we aim to develop a comprehensive knowledge, identify trends and developments affecting civil society in Europe and beyond. Our comparative assistance is invaluable to the reform efforts of local partners.

## **1.2 Board**

On December 1, 2018 ECNL Stichting board is formed.

### **ECNL STICHTING BOARD**

1. Ms. Nina Kesar – Chairperson
2. Mr. John Clark – Treasurer
3. Mr. Miklós Marschall – Secretary

### **ECNL SUPERVISORY BOARD**

1. Mr. Emile van der Does de Willebois
2. Dr. Natasha Gaber-Damjanovska
3. Ms. Nilda Bullain



# MANAGEMENT REPORT

## // General information

ECNL is a leading European resource and research center in the field of policies and laws affecting civil society. ECNL supports the creation of environments where people can organize freely, jointly shape and contribute to the development of societies. Our activities help build conditions that enable civil society organisations (CSOs) to operate independently, be financially sustainable, have strong governance, engage in policy and mobilize public support.

Beyond shaping policies, advocating for enabling environment for civil society, ECNL empowers local stakeholders, monitors implementation of tools and mechanisms, and creates knowledge base, through research and analysis.

ECNL team of experts have 15 years of experience in promoting CSO law reform and have provided support that has directly and positively influenced more than 80 policies and laws affecting CSOs across Europe, the Balkans, and the Eurasian region.

### **Objective**

To protect human rights, including the freedoms of association, assembly, expression and privacy; to support the development of civil society and public participation at the local, national, and international levels; to promote the democratic legal order; to support the development of appropriate policies and laws affecting civil society, philanthropy, impact investing, social enterprise, international development cooperation, and the impact of new technologies on human rights and civil society; to provide support to other organizations and to undertake research and educational initiatives to advance the foregoing objects.

### **Core business**

#### **Shaping policies affecting civil society**

Our expertise covers policies and laws that affect freedom of association and assembly, mechanisms that promote dialogue, cross- sector collaboration and emerging issues which affect CSOs, such as counter-terrorism policies or fundraising laws.

#### **Advocating for enabling environment for civil society**

We advocate for shaping of norms in line with universal guarantees for freedom of association and assembly. We cooperate with CSO networks on European and global level, with officials from the EU, UN and other stakeholders in order to contribute to the setting of policies that affect CSOs.



### **Empowering local stakeholders**

We empower local stakeholders to engage in policy dialogue through a variety of means (participatory law reform and inter-sectoral partnerships). We support organizational development, accountability and transparency of CSOs to ensure they can carry out their missions most effectively.

### **Monitoring implementation**

We collaborate with local partners to increase understanding of the adopted policies and laws. By developing tools and mechanisms for monitoring the implementation we ensure the effective and progressive implementation.

### **Creating knowledge base**

Through research and analysis, we aim to develop a comprehensive knowledge, identify trends and developments affecting civil society in Europe and beyond. Our comparative assistance is invaluable to the reform efforts of local partners.

### ***Legal structure***

Non-governmental organization, Foundation

### ***Internal organizational structure***

#### **Senior Management:**

- Board of Directors
- Supervisory Board
- Proxy Directors (Executive Director and Director of Operations and Finance)
- Program Director

#### **Programme and Communication staff:**

- Sn. Legal Advisors
- Legal Advisors
- Project and Communications Manager
- Project and Communications Assistant

#### **Administrative staff:**

- Finance Manager
- Finance Assistant

### ***Key elements of policies conducted***

Code of Conduct, GDPR, Internal Regulations, Overtime Compensation policy, Procurement policy, Travel policy, Reserve policy, Privacy policy, Conflict of Interest Policy.



## // Financial information

### *The developments throughout the financial year*

In 2018 ECNL decided to move its headquarters from Budapest, Hungary to the Netherlands in order to more effectively implement the mission and strategy of the organisation. To legally execute the transfer of headquarters, ECNL Budapest set up a new organization and became the founder of the European Center for Not-for-Profit Law (ECNL) Stichting, with Date of Deed of Incorporation on November 28, 2018. It was understood that the objectives of ECNL Stichting fall in line with the mission and objectives of ECNL Budapest and thus it will carry forward all its projects and financial commitments.

Full operations began in June 2019, by which time most of the grant funding, with the exception of the EU Monitoring Matrix project, has been transferred from Budapest to the Netherlands. The total amount of grant transferred was EUR .....At the same time, ECNL has began setting up its financial and accounting systems to track the expenses of it's operations.

The achieved results:

- Creating controls and procedures to safeguard ECNL's assets and provide reliable and accurate financial records. Accounting controls focus on four areas—authority and approval, proper documentation, physical security and early detection;
- Setting up a budgeting process whereby both programme and finance staff are involved in setting and monitoring budgets;
- Setting up a financial project management system, such as Budget vs Actual tables for each project and sub-project;
- Setting up payroll for four different countries, The Netherlands, Hungary, UK and Italy;
- Recruiting a finance team – Finance Manager and Finance Assistant – to assist Finance & Operations Director;
- Relocating key ECNL staff to ECNL Stichting payroll and arranging for 30% tax benefit for applicable employees;
- Sourcing auditor and legal support for newly established organisation.

The situation on the balance sheet date – see balance sheet.

### *The main risks and uncertainties*

Internal Risks:

- Difficulty in relying on external company for foreign payroll services. We encountered personal income tax and social security associated problems, despite hiring an experienced expert payroll company. .

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- Maintaining the proper allocation of grant funds to the various projects;
- The need to continue to consider ways to diversify our income so that ECNL is not reliant on just one or two major external donors.

**External Risks:**

- Amid the ongoing worldwide pandemic of coronavirus COVID-19, governments have been rapidly introducing new emergency measures which had an impact on ECNL's ability to carry out certain project activities and in some cases it has changed the priorities. Such changes have a profound effect on current and future funding opportunities.

The main cash flows and financing needs – N/A

*Risks and uncertainties*

**Financial instruments**

Objectives of risk management of financial instruments:-

- To have better control over ECNL operations and have efficient use of grant fundings;
- To balance the risks and controls within an organization to achieve the organizational objectives;
- To achieve compliance and good governance.

Risk management policy of financial instruments:-

Cash Based Budget vs Expenditure are tracked on monthly basis to enable better project and financial control over funds and minimise the risk. We also ensure to retain 4/5 months of operation cash balance on our bank account to face uncertainties. In addition, we always ensure not to sign third party grant agreement until we have confirmed funding from our donors. Same principle of confirmed funding followed by staff and consultants.

Risk hedging policy of financial instruments – N/A

**Code of conduct information:-** ECNL is guided by its written Code of Conduct policy.

**Corporate social responsibility of information** – Not applicable being NGO. All our work is for greater good.

**Information on research and development**

The logo consists of the letters 'DS' in a small font above a stylized signature or mark enclosed in a square border.A handwritten signature in blue ink that appears to read 'JDC'.A handwritten signature in blue ink, possibly reading 'HV'.

## // Other information

### *Future-oriented paragraph*

Expected business developments

Research and development

In coming years ECNL will focus on defending civic freedoms through knowledge, strategies and tools, empowering activists and organisations to protect and expand civic freedoms through joint action, strengthening standards and open avenues to safeguard civic freedoms as well as organisational strengthening.

### *Contingent assets and liabilities*


**Long-term financial obligations – Euros 2.601 per quarter until 01 March 2021**

*Rental commitments buildings*

ECNL have long-term rental commitments until 01 March 2021, which relate to the rent of the office/building. The commitments amount to €2601 per quarter.

**Staff**

At the company during 2019, on average 7.5 employees were employed.

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# FINANCIAL STATEMENTS

**Balance sheet as at December 31, 2019**

**Income and expenses from 2019**

**Cash flow statement for the year ended 2019**

**Notes to the Statements**

**Notes to the balance sheet as of December 31, 2019**

**Notes to the income and expenses from 2019**

**Other disclosures**

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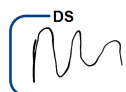
# 1. Balance sheet as per December 31, 2019

	12/31/2019	
	€	€
	Debit	Credit
<b>ASSETS</b>		
Fixed assets		
Tangible fixed assets (1)		
0400 Machines & Equipment	3.528	
Current assets		
Receivables, prepayments and accrued income (2)		
1005 Accounts receivables (USD account)	7.178	
1335 Accruals Revenues Project receivables	122.295	
1810 Payroll tax and social security	1.943	
Other receivables, deferred assets		
0700 - Other Assets including Security deposit	5000	
1340 - Prepaid Expenses	6064	
2200 - ICS Company Credit Card	608	
2010 - EUR Advance Payments to Employees	237	
Total Other receivable, deferred assets	11.909	
	143.325	
Cash and cash equivalents (3)		
1225 - EUR BANK Account	61.220	
1230 - USD BANK Account	325.803	
Cash and cash equivalents (3)	387.023	
<b>TOTAL ASSETS</b>	<b>533.876</b>	

Debit

Credit

	12/31/2019	
	€	€
<b>EQUITY AND LIABILITIES</b>		
<b>Equity (4)</b>		
Positive balance to allocate		371.842
<b>Current liabilities (5)</b>		
1300 - Accounts Payable EUR Account		37.322
1305 - Accounts Payable USD Account		43.922
Total Supplier Creditor debt		<u>81.244</u>
1820 - Pension Control		<u>25.141</u>
Accruals and deferred income		
1315 - Purchase Invoices to Receive		49.108
1360 - Deferred Revenue		648
1910 - Res. Vacation Days		4.319
2000 - Net Salaries Payable		1.574
		<u>55.649</u>
		<u>162.034</u>
<b>TOTAL LIABILITIES</b>		<u><u>533.876</u></u>





## 2. Statement of income and expenses 2019

		2019 Actuals		Budget 2019	
		Debit	Credit	Debit	Credit
Project income	-				
	6				
8005 - Sales - EU			128.294		347.232
8010 - Sales - Outside EU			1.024.357		1.132.257
9052 - Other income			11.124		
4896 - Project Indirect cost		78.730		240.847	
Gross Margin		78.730	1.163.774	240.847	1.479.489
			1.085.044		1.238.642
Employee expenses	-				
	7	269.949		213.000	
4000 - Gross Salaries		180.990			
4002 - 30% Ruling		-			
4010 - Vacation Pay (8%)		8.548			
4014 - Vacation Days		328			
4050 - Soc. Security (Employer Share)		62.039			
4053 - Pension Control		22.383			
4092 - All other payroll charges besides Gross salaries		-4.338			
Depreciation	-				
	8	341			
4105 - Depreciation Machines and Equipment		341			
Other labour costs	-				
	9	64.343		17.040	
4200 - Expenses Employees		482			
4201 - Travel Expenses (Allowance Pier Diem)		4.995			





4202 - Travel Expenses - Accommodation	16.082
4203 - Travel Expenses - Meal	3.850
4204 - Travel Expenses - Miscellaneous	1.475
4210 - Travel Expenses - Airfare	37.459

Operation costs	-	1	23.187	17.000
	0			

4250 - Marketing Expenses, Website & Public Relations	8.566
4251 - Translation services	739
4311 - Conference and Event	13.882

Printing

Accommodation expenses	-	11	15.656	-	10.400
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4300 - Rent	15.411
4310 - Rental Expenses - Other	245

Office expenses	-	1	4.987	-	3.000
	2				

4400 - Freight and Postage	43
4500 - Telephone	31
4505 - Mobile Phone	697
4511 - Electronics goods	2.717
4520 - Office Supplies	1.500

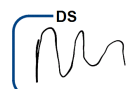
General expenses	-	1	334.741	778.202
	3			

4800 - Accounting & Fiscal Fees(Payroll & Audit)	37.380
4801 - Legal Fees	15
4802 - Professional Fees other	257.624





4803 - Sub Grantee ECNL - Professional fees	33.347	
4815 - Payment Differences	0	
4820 - Currency Differences	-1054	
4835 - Bank Fees	498	
4836 - Transfer Fees	10	
4840 - Rounding Differences	-2	
4891 - Office Insurances	7.123	
4895 - Misc. Expenses	-200	
Operating cost	713.204	1.038.642
Result	371.841	200.000

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### 3. Cash flow statement

The cash flow statement has been prepared using the indirect method.

	2019	
	x € 1,000	x € 1,000
<b>Cash flow from operating activities</b>		
Operating result	372	
Adjustments for:		
Movement of working capital:		
Movement of accounts receivable	-/-143	
Movement of short-term liabilities (excluding short-term part of long-term debts)	162	
<b>Cash flow from operating activities</b>		<b>391</b>
Investments		- 4
<b>Cash flow from operating activities</b>		<b>387</b>







### *Cash and cash equivalents*

The cash is valued at face value. If cash equivalents are not freely disposable, then this has been taken into account in the valuation.

### *Current liabilities*

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price.

When there are no premiums, discounts or transaction costs, the amortised cost is equal to the nominal value.

## **PRINCIPLES FOR THE DETERMINATION OF THE RESULT**

### *General*

The result is defined as the difference between the revenue from goods delivered and services performed on one hand and, on the other hand, the costs and expenses for that year, valued at historical costs.

### *Determination of the result*

The result is determined based upon the difference between the nett turnover and the costs and other expenses taking into account the aforementioned valuation principles.

### *Project income*

The project income consists of revenue based on the conditions of the grants.

### *Amortization and depreciation*

The depreciation on tangible fixed assets is calculated by using a fixed rate on the acquisition cost based on the expected life cycle. Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

### *Financial income and expenses*

Financial income and expenses comprise interest income and expenses for loans (issued and received) during the current reporting period.

## **PRINCIPLES FOR PREPARATION OF THE CASH FLOW STATEMENT**

The cash flow statement has been prepared using the indirect method.

The funds in the cash flow statement consist of cash, short-term debt to finance companies and current securities.

Securities are considered to be highly liquid investments.





Cash flows in foreign currencies are converted at an estimated average rate.

Exchange rate differences concerning finances are shown separately in the cash flow statement.

Transactions which do not involve the exchange of cash resources, including financial leasing, are not included in the cash flow statement. The repayment part of lease term based on the financial lease contract is considered to be a financial activity expense, while the interest is considered to be an operational activity expense.

## 5. Notes to the Balance Sheet as of December 31, 2019

### 1. Tangible fixed assets

	<u>Equipment</u>	
	€	€
	<b>Debit</b>	<b>Credit</b>
<b>Carrying amount as of January 1, 2019</b>	0	0
Investment	3.869	
0400 - Machines and Equipment	3.869	
Depreciation		341
0405 - Depreciation Machines and Equipment		341
<b>Carrying amount as of December 31, 2019</b>	<b>3528</b>	
<b>0400 - Machines and Equipment</b>	<b>3.869</b>	
0405 - Depreciation Machines and Equipment (Cumulative depreciation and impairment)		341
<b>Carrying amount as of December 31, 2019</b>		<b>3.528</b>
<i>Depreciation rates</i>	%	
Equipment	20	

### 2. Receivables, prepayments and accrued income

	<u>12/31/2019</u>	
	Debit	€ Credit
<b>Accounts receivable</b>		





Debtors	<u>7.178</u>
1005 - Accounts Receivable USD	7178

**Project receivables**

SIDA/ICNL /EU	<u>122.295</u>
1335 - Accruals Revenues SIDA/ ICNL	<u>118327</u>
1335 - EU	<u>3968</u>

**Payroll Tax and social security**

Payroll tax	<u>1.943</u>
1810 - Wage Tax & Social Security	<u>1.943</u>

**Other receivables, deferred assets**

0700 - Other Assets including Security deposit (Deposit credit card)	5.000
1340 - Prepaid Expenses	<u>6.064</u>
Other deferred assets	<u>845</u>
2010 - EUR Advance Payments to Employees	236,54
2200 - ICS Company Credit Card (Judith)	607,83
<b>Total other receivables, deferred assets</b>	<u><u>11.909</u></u>

**3. Cash and cash equivalents**

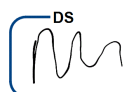
1225 - Bank EUR	61.220
1230 - Bank USD	<u>325.803</u>
	<u><u>387.023</u></u>

**4. Equity**

	Balance up to annual results 2019
	<u>€</u>
<b>Positive balance to allocate</b>	
Positive balance of income and expenses 2019	<u>371.841</u>

**5. Current liabilities**

12/31/2019

€




**Supplier creditor debt**

Creditors	81.244
1300 - Accounts Payable EUR	<u>37.322</u>
1305 - Accounts Payable USD	<u>43.922</u>

**Taxes and social securities**

1820 - Pension Control	<u>25.141</u>
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**Accruals and deferred income**

1315 - Purchase Invoices to Receive Audit costs	19.000
1315 - Purchase Invoices to Receive OAK project costs Hungary	30.108
1360 - Deferred Revenue Prepaid project subsidy	648
2000 - Net Salaries Payable	1.574
1910 - Res. Vacation Days	<u>4.319</u>
	<u>55.649</u>

**5. Current liabilities****Contingent assets and liabilities****Long-term financial obligations***Rental commitments buildings*

ECNL has long-term rental commitments until 01 March 2021, which relates to the rent of the office/building. The commitments amount to €2.601 per quarter.

**6. Notes to the statement of income and expenses 2019**

Balance up to Annual result 2019		Budget 2019	
€	€	€	€
Debit	Credit	Debit	Credit

**6. Project Income**





Swedish International Development Cooperation Agency (SIDA) in partnership with ICNL	340.119	206.410
Sigrid Rausing Trust	127.142	78.000
European Union	22.745	347.232
Open Society Foundation	563.836	500.000
Oak Foundation	71.533	72.000
Consultancy	38.500	35.000
US Agency for International Development (USAID) in partnership with ICNL		
FORD Foundation		
	1.163.875	1.238.642
<i>Calculated indirect costs to projects</i>		
Sida/ICNL 14%	43.347	
Sigrid Rausing Trust 14%	6.405	
EU 7%	1.488	
OSF 14%	24.460	
Consultancy 14%	3.030	
	78.731	240.847
<b>7. Employee expenses</b>		
4000 - Gross Salaries	180.990	
4092 - All other payroll charges besides Gross salaries	88.959	
	269.949	- 213.000

**Staff**

At the company during 2019, on average  
(June - December) 7,5 employees were  
employed.

**8. Depreciation**

Depreciation Equipment

341

DS  






	Balance up to annual results 2019	Budget 2019
	€	€
<b>9. Other labour costs</b>		
4200 - Expenses Employees	482	
4201 - Travel Expenses (Allowance Pier Diem)	4.995	
4202 - Travel Expenses - Accommodation	16.082	
4203 - Travel Expenses - Meal	3.850	
4204 - Travel Expenses - Miscellaneous	1.475	
4210 - Travel Expenses - Airfare	37.459	
	<u>64.343</u>	<u>17.040</u>
<b>10. Operation costs</b>		
4250 - Marketing Expenses, Website & Public Relations	8.566	
4251 - Translation services	739	
4311 - Conference and Event Printing	13.882	
	<u>23.187</u>	<u>17.000</u>
<b>11. Accommodation expenses</b>		
4300 - Rent	15.656	10.400
	<u>15.656</u>	<u>10.400</u>
<b>12. Office expenses</b>		
4400 - Freight and Postage	43	
4500 - Telephone	31	
4505 - Mobile Phone	697	
4511 - Electronics goods	2.717	
4520 - Office Supplies	1.500	3.000
	<u>4.987</u>	<u>- 3.000 -</u>
<b>13. General expenses</b>		
4800 - Accounting & Fiscal Fees(Payroll & Audit)	37.380	
4801 - Legal Fees	15	
4802 - Professional Fees other	257.624	
4803 - Sub Grantee ECNL - Professional fees	33.347	
4820 - Currency Differences	-1.054	





4835 - Bank Fees	498
4836 - Transfer Fees	10
4840 - Rounding Differences	-2
4891 - Office Insurances	7.123
4895 - Misc. Expenses	-200

334.741	-	778.202	-
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## 7. Other Disclosure

### Post balance sheet events

Amid the ongoing worldwide pandemic of coronavirus COVID-19, governments have been rapidly introducing new emergency measures which had an impact on ECNL's ability to carry out certain project activities and in some cases it has changed the priorities. Such changes have a profound effect on current and future funding opportunities.

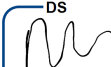
For next 12 months, we have secured sufficient funding to continue ECNL's program activity perhaps in a different way than originally planned due to ongoing Covid-19 crisis.

### Budget Forecast FY 2020 (Euros)

BUDGET FORECAST FY 2020 (EUROS)	
<b>Revenue</b>	
European Union	347.232
Sigrid Rausing Trust	78.116
Open Society Foundation	418.194
Swedish International Development Cooperation Agency (SIDA) in partnership with the International Center for Not-for-Profit Law (ICNL)	801.638
US Agency for International Development (USAID) in partnership with the International Center for Not-for-Profit Law (ICNL)	191.871
Consultancy income	35.000
FORD Foundation	178.000
<b>Total Revenue</b>	<b>2.050.051</b>
<b>Reserved funding</b>	<b>EUR</b>

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Deferred income from FY 2019	100.000
<b>Total reserved funding</b>	<b>100.000</b>
<b>Expenses</b>	
	EUR
Personnel	841.912
Travel	117.000
Consultants	171.000
Grants	321.000
Meetings	144.000
Printing	7.200
Translations/Interpretations	10.000
ODC (Bank fee, postage, phone, etc.)	3.000
Accounting/Payroll	20.000
Audit	14.000
Equipment	5.000
IT maintenance	3.000
Website/Communications	34.500
Occupancy	35.000
Insurances	8.000
Miscellaneous / Administrative expenses	50.000
Depreciation machine / equipment	500
<b>Total operational expenses</b>	<b>1.785.112</b>
<b>Operating Surplus</b>	<b>164.939</b>

### *Appropriation of the result from 2019*

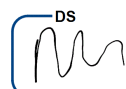
The board of directors proposes to appropriate the positive balance of income and expenses for 2019 as follows:

<b>Appropriation of positive balance from FY 2019 Profit &amp; Loss statement to FY 2020</b>	
<b>Description</b>	<b>Amount in Euros</b>
Institutional funding to contribute towards achieving ECNL's core Vision & Mission	371.842

This proposal has not been processed in the annual accounts.

### *Staff*

At the company during 2019, on average 7.5 employees were employed.





*Signing of the financial statements*

*Creation financial statements*

The financial statements are created by the management.

The Hague, June 18, 2020

Ms. Nina Kesar – Chairperson

Mr. John Clark – Treasurer

Mr. Miklós Marschall – Secretary



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Nilda Bullaín  
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Natalia Gaber-Damjanovska  
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Emile van der Does de Willebas  
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*Signing of the financial statements*

*Creation financial statements*

The financial statements are created by the management.

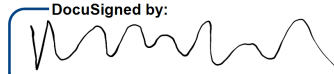
The Hague, June 18, 2020

Ms. Nina Kesar – Chairperson

Mr. John Clark – Treasurer

Mr. Miklós Marschall – Secretary

*John Clark*

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*HK*

European Center for Not-for-Profit Law Stichting  
Attn. Mrs. J. Varga  
Riviermarkt 5  
2513 AM The Hague

## **INDEPENDENT AUDITOR'S REPORT**

### **A. Report on the audit of the financial statements 2019 included in the annual report**

#### **Our opinion**

We have audited the financial statements 2019 of European Center for Not-for-Profit Law Stichting at The Hague.

In our opinion the accompanying financial statements give a true and fair view of the financial position of European Center for Not-for-Profit Law Stichting as at 31 December 2019, and of its result for 2019 in accordance with the 'RJ-Richtlijn 640 Organisaties zonder winststreven' (Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board).

The financial statements comprise:

1. the balance sheet as at 31 December 2019;
2. the profit and loss account for 2019;
3. the notes comprising a summary of the accounting policies and other explanatory information.

#### **Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Foundation Human Security Collective in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **B. Report on the other information included in the annual report**

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Annual activity report 2019;
- General information
- Management report

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information in accordance with the 'RJ-Richtlijn 640 Organisaties zonder winststreven' (Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board)

### **C. Description of responsibilities regarding the financial statements**

#### **Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 'RJ-Richtlijn 640 Organisaties zonder winststreven' (Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board).

Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

#### **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.



We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Schoonhoven, June 30, 2020

Versluis Accountancy B.V.

J. Versluis RA