

European Center for Not-for-Profit Law Stichting

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Annual Report

2020

For identification purposes
Schoonhoven, d.d. *JUNE 14,*
Versluis Accountancy B.V.
J. Versluis RA *2021*

Versluis HV



European Center for
Not-for-Profit Law

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The Hague, 4 June, 2021

European Center for Not-for-Profit Law Stichting Annual Activity Report 2020

I. REPORT

1. ANNUAL ACTIVITY REPORT 2020

// ECNL Strategy

Mission: ECNL's mission is to create legal and policy environments that enable individuals, movements and organisations to exercise and protect their civic freedoms and to put into action transformational ideas that address national and global challenges.

Vision: We envision a space in which everyone can exercise their rights freely, work in solidarity and shape their societies.

Pathways for change: We know that change will come and be sustainable if it is locally owned, strategic and developed with consideration of the local specifics. We have seen that transformations will happen with aware and empowered activists whose actions are enabled by strong legal frameworks that help guarantee rights and freedoms. We have identified and successfully implemented the following pathways for change:

Knowledge pathway: Identifying, synthesizing and understanding of the trends and core issues is key to creating good policies, laws and practices, pre-empting and pushing back on restrictions.

Empowerment and mobilisation pathway: Aware, alert, connected and knowledgeable organisations, activists and movements can prevent threats and sustain gains in a longer term.

Reform and Standard Setting Pathway: Strong international, regional and national systems can safeguard rights, give guidance, change narratives and disrupt systems of power that limit civic action.

Our strategic goals for 2020-2023 reflect our belief that aware and empowered civic action can lead to transformative changes:

Goal 1. Defending civic freedoms through knowledge, strategies and tools.

Goal 2. Empowering activists and organisations to protect and expand civic freedoms through joint action.

Goal 3. Strengthening standards and opening avenues to safeguard civic freedoms.

Our strategic goals for 2020-2023 reflect our belief that aware and empowered civic action can lead to transformative changes.

// Strengthening civic freedoms protections in standards on artificial intelligence (AI) and emerging technologies

Digital technology has transformed the way we exercise our rights and freedoms. On the one hand, it is an indispensable tool for organising protests or online campaigns. On the other hand, digital activism is threatened by restrictions, including internet shutdowns, biometric mass surveillance or censorship. Various algorithm-based mechanisms are also used in different ways to influence civic engagement. For example, governments use facial recognition technology for surveillance and intimidation of protesters and slows down or shuts down internet access in order to limit communication between different groups.

ECNL advocates for global and regional legal standards on AI and tech to be based on and respect fundamental rights. At the UN, ECNL provided expertise and feedback to the Office of the High Commissioner for Human Rights [Report](#) on new technologies and their impact on human rights in the context of peaceful protests. The Report includes our contributions and recommendations both in terms of the physical and digital civic space. It was used as evidence to support the adoption of progressive Human Rights Council tech-related resolutions, which incorporate civic space safeguards.

On the regional level, ECNL represents the Council of Europe (CoE) Conference of INGOs at the [CoE Ad Hoc Committee on Artificial Intelligence \(CAHAI\)](#), a body tasked to work on a future regulatory framework for AI - how it is designed, developed and applied. As an important milestone, CAHAI adopted a [Feasibility Study](#) in December 2020. The Study identifies the principles as well as the rights and obligations, which could become the main elements of the AI legal standards based on human rights, democracy and the rule of law. ECNL is now supporting CSOs to take part in the ongoing regulation debate. We provide [written guidance](#) and deliver workshops on AI and human rights, so that CSOs are well equipped to shape this key legal instrument.

On the European Union-level, we work with a coalition of CSOs to influence future regulatory framework. We submitted an opinion to the European Commission [AI White Paper](#) urging EU policymakers not to put global competitiveness ahead of the protection of fundamental rights. We also joined 46 [European CSOs](#) calling for the forthcoming Digital Services Act to create binding transparency rules for online platforms, since their function is crucial to the development of opinions and therefore to the exercise of democracy.

ECNL also supports national CSOs to position themselves and seek engagement in the drafting of national AI strategy, which is first step towards national regulation of AI. Our [research and analysis on participatory processes in drafting NAIS](#) has shown promising avenues of meaningful engagement, but also "room for improvement", which we encapsulate in our country-based work. One example is [Ukraine](#), where we launched discussions for CSOs and human rights advocates to engage in AI policy making. By demystifying what AI is, ECNL empowers partners to participate in processes and bring valuable expertise about the impact of AI-based systems on affected and vulnerable communities.

// Increased safeguards for protests in the physical space and online

"It is a very inclusive process. It's the first time that I see such a process for myself from the beginning to the end." - Christof Heyns, Human Rights Committee, Rapporteur of General Comment No. 37 on Art. 21 (in [Just Security](#))

In July 2020, the UN Human Rights Committee adopted the first ever [General Comment No. 37 on Article 21, ICCPR \(Right of Peaceful Assembly\)](#). This was a crucial development at time when the right of peaceful assembly has come under increased pressure in countries across the world, especially due to COVID-19.

The General Comment addresses the most critical issues faced by individuals who assemble and protest. It creates safeguards for emerging protest practices such as digitally-mediated assemblies, which are recognized as a critical aspect of organising during the pandemic. It also condemns negative trends of use of disproportionate force, internet disruptions and attacks on media, watchdogs or vulnerable groups.

The final text takes stock of all the detailed analysis that ECNL, together with our partner CSOs and experts provided in the last two years, and benefits from the in-depth consultations that informed the debate around emerging topics.

ECNL now seeks to ensure that activists, lawyers and policy makers are aware of the enhanced standards enshrined in the GC. To support the promotion of the GC and its implementation into national practices, we started developing user-friendly thematic fact sheets on specific innovative aspects in the text of the GC. A member of the UN Human Rights Committee said: *"I expect the outreach you are doing, in such an accessible format, will reach many rightsholders. This work is commendable."*

Indeed, despite the pandemic, people continued to protest. They have faced unprecedented and grave violations of their rights under COVID-19 measures, but also come up with innovative protest strategies in the physical space and online. ECNL gathered important evidence on the changed nature of assemblies and worked with a coalition of CSOs to help monitor the impact of emergency measures as well as digital technologies in their own countries. We also published a [briefing](#) on what the online and digital issues are that human rights activists need to consider when monitoring at assemblies. Right after the outbreak of the virus, we published an [overview](#) on protests in a time of pandemic in Europe showing why blanket bans are problematic and what the strategies are to stand up against restrictions. This paper was widely quoted and used also by peer groups, e.g., it was one of the materials used in Transparency International's Summer School course.

// Building a Global Hub of CSOs to push back against counter-terrorism and anti-money laundering overregulation

ECNL continued its ongoing work to expand the Global Hub as an active resource for civil society to share learnings and provide peer support on AML/CFT standards and processes.

ECNL provided expertise to CSO partners in Turkey facing threats posed by a new counterterrorism law. We delivered a training to support them analyse the situation, collect evidence and argue against restrictions. One participant said: “...Participants benefited a lot from this session, since it was very informative and they gained quite some perspective regarding FATF. The discussion part was also thought provoking. Your presence made a big difference...” We also trained international organisations operating in Turkey and developed a joint advocacy strategy. In addition, we engaged with global partners, such as the Financial Action Task Force (FATF) Secretariat and UN Special Rapporteurs to address this latest trend in Turkey and assess the law’s compliance with international AML/CFT standards: in their note, [the UN experts recommend](#) the government reconsider the legislation to ensure its compliance with obligations under human rights treaties.

2020 has also marked an important development in terms of increased CSO access to CFT policies. After years of engagement and advocacy, FATF has made it possible for civil society to share their concerns about CFT impact on civic freedoms directly with the FATF team of evaluators. Assessment teams will now thus consider CSO experience and expertise when evaluating a country’s compliance with FATF standards.

ECNL also joined a CSO coalition to help advance UN counter-terrorism (CT) policies and open more processes for consultation with civil society. In June 2020 we co-hosted a virtual high-level convening bringing together close to 1,000 representatives of UN Member States, UN office, and civil society to assess the impact of CT measures on human rights, peacebuilding, and humanitarian and development assistance. The sessions were organized around three general themes (1) the effectiveness and inclusivity of the UN Global CT Strategy and UN CT bodies, (2) the implications of UN CT policies shaping COVID-19 responses, and (3) priority areas for reforming the UN CT architecture. Together with the coalition we now use the results of this convening to provide expertise and engage with member states in the review of the UN Global CT Strategy.

// Keeping civic space healthy: better protection of fundamental freedoms in combating COVID-19

As the pandemic started to spread, ECNL and ICNL observed a set of measures that were introduced to deal with the pandemic, but had an impact on CSOs. Therefore, we jointly launched the [COVID-19 Civic Freedom Tracker](#) to monitor the impact of emergency laws and practices on civic space worldwide. The Tracker currently covers over 450 measures from 164 countries. We analyse and understand the threats, and raise awareness about the consequences of ill-defined COVID-19 measures (see [this interview in Spanish](#), or [this article on contact tracing in Dutch](#)).

Many CSO partners still find it difficult to navigate current security and emergency measures. Through a specific set of [blogs](#) we also provided arguments for partners to use in national-level advocacy against COVID-19 restrictions. We also keep an eye on new challenges that are specific to the pandemic when it comes to participating in decision making, and published a [rights card](#) reminding people that their right to public participation is valid in times of emergency, as well. Moreover, we document how CSOs are finding ways to remain engaged through their [activism](#) and rise against the restrictive measures. Furthermore, our [briefer on what states should and should not do](#) has been translated in 12 languages through crowdsourcing and remains relevant as countries grapple with the pandemic.

We also mapped how governments have introduced new security-related legislations or used existing measures to further restrict fundamental freedoms and human rights. Our [research](#) revealed that such security measures have many different manifestations, feeding into the war-like rhetoric of governments. We aim to incite CSOs to raise concerns about an over-securitized response to the pandemic, as this bears the risk of authoritarian drift in democratic states moving away from the rule of law.

// Expanding and protecting civic freedoms nationally

In July 2020 Moldova adopted a new, progressive law on Non-commercial Organisations, after a 5-year-long process. ECNL provided support to local partners to defeat restrictive amendments that would have limited their right to access to funding, advocacy and freedom of expression. These efforts ensured that the adopted law will ultimately improve CSOs' operating environment.

At the same time, a growing number of EU countries e.g., the [Netherlands](#), [Austria](#), [Denmark](#) and [France](#) are drafting laws that **disproportionally restrict freedom of assembly, association and access to funding**. The drafts are justified on the need to ensure national security. The drafts also include discriminatory provisions against minorities, immigrants and disadvantaged groups. ECNL published legal opinions and submitted official comments to support CSOs' legal arguments. Our products have been also used by European Commission staff for their own analysis and dialogue with respective governments. In addition, building on our [EU Law Handbook](#) and [blog series](#), we provided expertise on advocacy strategies CSOs can use to revert the drafts based on EU Law. Further, we convened civil society groups to provide them training and identify emerging issues that require new analysis from the EU Law perspective.

// Monitoring Trends, Transforming Laws and Practices

We believe that the systematic monitoring of the environment in which civil society works helps pre-empt harmful practices and propose evidence-based solutions. One example is our [CSO Meter](#) that we developed with partners in six Eastern Partnership countries. This unique tool measures key areas relevant in the region and support CSOs resilience amid crises: in 2020 we focused on COVID-19 emergency measures that brought further limitations over civic freedoms. Data from the CSO Meter has allowed partners to have a clear plan of progressive law reforms needed in their contexts and targeted recommendations that they have already started implementing. During the 4-year program partners engaged in 20 advocacy actions and reforms, and ECNL provided technical assistance to 11 initiatives. As a result, 7 CSO laws and policies were adopted or initiated based on issues identified by the CSO Meter. For example, the [updated procedures](#) adopted by the Armenian government in January 2021 will ensure more accountable and transparent state grant provision for CSOs in the country. In Moldova the [new NGO Law](#) adopted in 2020 unifies regulation for all nonprofit legal entities and creates the premises for their sustainable development. The monitoring results from CSO Meter have also been incorporated in international advocacy and promoted by multilateral bodies to improve domestic reforms (e.g. influencing the UN Universal Periodic Review process on Belarus, or engaging with the Open Government Partnership to integrate recommendations into the Action Plans in Azerbaijan).

// Creating sustainable environments for fundraising

In April 2020, ECNL and ICNL launched the [Fundraising Principles](#) to support a more enabling environment for fundraising around the globe. The Fundraising Principles provide a global overview of current trends in fundraising regulation and self-regulation, and offer recommendations addressing seven key areas. They serve as a reference point to promote and facilitate further dialogue between CSOs and policy makers about how to pursue a balanced system of legislation, co- and self-regulation that enables CSOs' fundraising activities. For example, in Finland CSOs used the Fundraising Principles during discussions with national ministries as part of a [legislative project](#) aimed at assessing the relationship between emission compensation activities and the Fundraising Act. In Armenia, our local partner NGO Center relied on the principles to develop a [policy research on philanthropy](#), including recommendations to the government, CSOs and businesses on how to improve the environment.

// Advancing EU safeguards for civic space

As a part of the ongoing efforts to support the EU institutions in advancing safeguards for civic space, ECNL submitted input into the new [EU Action Plan on Human Rights and Democracy 2020-2024](#). The final text includes ECNL proposed ideas and recommendations. It calls for various measures to protect civic space, freedom of assembly and expression and protesters. Importantly, it calls for the promotion of a safe and enabling environment for civil society as actors in their own right, including long-term strategic support to capacity building and meaningful participation of civil society at country, regional and global

level. It also recommends the development of tools to detect and respond to early signs of closing civic space, as well as tools to monitor opportunities of openings. The latter two points were asks that ECNL was trying to gather support for over the past few years.

// Supporting participation in climate action

Climate activists and movements fighting against the climate crisis are under pressure across the globe. Environmental defenders, CSOs and young activists are subject to fierce repression that can take various forms: introducing laws criminalizing legitimate expression and assembly, excluding or preventing CSOs from participating in environmental policy making, stigmatisation of activists as “eco-terrorists,” increased use of punitive lawsuits (“SLAPPs”), physical persecution, arbitrary arrests, verbal harassment online and offline, excessive use of police force. These actions are contrary to international standards on human rights and the environment. ECNL together with its alliance partner, ICNL developed a detailed briefer, that captures these practices, lays out the measures used to target civil society actors working on climate justice and provide recommendations. It is used in advocacy efforts to improve standards and ensure greater participation.

2. GENERAL

// Board

On December 1, 2018 ECNL Stichting board was formed. On December 31, 2020 the mandate of the Secretary expired, and as of January 1st 2021 a new person, Ms Pia Tornikoski was appointed.

ECNL STICHTING BOARD

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

ECNL SUPERVISORY BOARD

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

II. MANAGEMENT REPORT

1. 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 18 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 organisations 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 organisational 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 organisation, Foundation with Public Benefit Status.

// Internal organisational structure

Senior Management:

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

Program and Communication staff:

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

Administrative staff:

- Finance Manager
- Finance and Communications Assistant

// Key elements of policies conducted

GDPR, Internal Regulations, Overtime Compensation policy, Procurement policy, Travel policy, Reserve policy.

2. FINANCIAL INFORMATION

ECNL relies on grants from government entities, as well as donations from foundations to maintain its operations and provide financial stability. Income for 2020 was €1.67 million, slight increase from the income of €1.63 million in 2019. The bulk of this income is derived from government grants and from other non-profit organisations.

As the COVID-19 swept across the world, it was challenging to foresee how local, national, or even global events would affect society, the economy, or our own field of work. As most NGOs, ECNL also had a number of needs during these tough times, which include: the need for flexible funding or general operating support, the means to take care of project partners and staff team during COVID-19, and the need for access to immediate funds for urgent needs. It is within this context that we faced the COVID-19 challenges.

To continue our work we took steps to make sure our cash was under control, continued to provide sub-grants to project partners and kept staff safe—all while staying on our mission. Reforecasting our goals, budgets, and constantly revisiting revenue streams allowed us the opportunity to discuss revised plans and to focus on those efforts where the organisation has the strongest know-how, relationships and greatest likelihood of securing funds.

// The main risks and uncertainties

Internal Risks:

- 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.

// 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 aim to retain 3-4 months of operation cash balance on our savings 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.

// Code of conduct information

ECNL is guided by its written Code of Conduct policy.

// Long-term financial obligations

Euros 2.601 per quarter until 01 March 2021

III. FINANCIAL STATEMENTS

- **Balance sheet as at December 31, 2020**
- **Income and expenses from 2020**
- **Cash flow statement for the year ended 2020**
- **Notes to the Statements**
- **Notes to the balance sheet as of December 31, 2020**
- **Notes to the income and expenses from 2020**
- **Other disclosures**

1. BALANCE SHEET AS PER DECEMBER 31, 2020

	December 31, 2020		December 31, 2019	
	€	€	€	€
ASSETS				
Fixed assets				
Tangible fixed assets (1)				
Equipment		5.283		3.528
Current assets				
Receivables, prepayments and accrued income (2)				
Accounts receivables	7.150		7.178	
Project receivables	33.437		122.295	
Payroll tax and social security	-		1.943	
Other receivables, deferred assets	19.518		11.909	
		60.105		143.325
Cash and cash equivalents (3)		461.359		387.023
TOTAL ASSETS		<u>526.747</u>		<u>533.876</u>

	December 31, 2020		December 31, 2019	
	€	€	€	€
EQUITY AND LIABILITIES				
Equity (4)				
Continuity reserve		73.035		371.842
Current liabilities (5)				
Supplier creditor debt	20.481		81.244	
Pension	-		25.141	
Deferred Revenues	373.509		647	
Accruals and deferred income	59.722		55.002	
		453.712		162.034
TOTAL LIABILITIES		<u>526.747</u>		<u>533.876</u>

2. STATEMENT OF INCOME AND EXPENSES

2020

	2020 actuals		2020 budget		2019 actuals	
	€	€	€	€	€	€
Project income						
Project income	1.167.603		2.050.051		1.163.774	
Project indirect costs	-				-/- 78.730	
Gross Margin		1.167.603		2.050.051		1.085.044
Employee Expenses	770.327		841.912		269.949	
Depreciation	1.406		500		341	
Other labour costs	20.500		117.000		64.343	
Operation costs	41.274		188.500		23.187	
Accommodation expenses	9.851		35.000		15.656	
Office expenses	5.734		15.200		4.987	
General expenses	542.329		587.000		334.741	
Operating cost		1.391.421		1.785.112		713.204
Result		<u>-/-223.818</u>		<u>264.939</u>		<u>371.841</u>

3. CASH FLOW STATEMENT

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

	2020	2019
	x € 1.000	x € 1.000
Cash flow from operating activities		
Operating result	-/-223	372
Correction result 2019	-/-75	---
Adjustments for:		
Movement of working capital:		
Movement of accounts receivable	83	-/- 143
Movement of short-term liabilities (excluding short-term part of long-term debts)	293	162
	<hr/>	<hr/>
Cash flow from operating activities	76	391
Investments	-/-2	-4
	<hr/>	<hr/>
Cash flow from operating activities	74	-387

4. NOTES TO THE FINANCIAL STATEMENTS

// GENERAL

Registered address

The registered and actual address of European Center for Not-for-Profit Law Stichting is Riviervismarkt 5 at 's-Gravenhage.

Material error

Due to a misunderstanding of a received fund, in 2019 € 74.990 was recognized as a positive balance instead of presented as deferred revenues. ECNL has corrected this to the continuity reserve.

General accounting principles for the preparation of the annual accounts

The annual accounts have been prepared in accordance with RJ640 of the Dutch GAAP (not for profit organisations). Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at nominal value.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Revenues from goods are recognised upon delivery. The cost price of these goods is allocated to the same period. Revenues from services are recognised in proportion to the services rendered. The cost price of these services is allocated to the same period.

// PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

Tangible fixed assets

Tangible fixed assets are presented at acquisition price less cumulative depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

Receivables and deferred assets

Upon initial recognition the receivables on and loans to participations and other receivables are valued at fair value and then valued at amortised cost, which equals the face value, after deduction of any provisions. The fair value and amortised cost equal the face value. Any provisions for the risk of doubtful debts are deducted. These provisions are determined based on individual assessment of the receivables.

// 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, 2020

1. Tangible fixed assets

	Equipment
	€
Carrying amount as of January 1, 2020	3.528
Investment	3.161
Depreciation	-/-1.406
Carrying amount as of December 31, 2020	5.283
Purchase price	7.030
Cumulative depreciation and impairment	1.747
Carrying amount as of December 31, 2020	5.283
<i>Depreciation rates</i>	
Equipment	20%

2. Receivables, prepayments and accrued income

	Balance up to annual results 2020 €	Balance up to annual results 2019 €
Accounts receivable		
Debtors	7.150	7.178
Project receivables		
Project receivables	33.437	122.295
Payroll tax		
Payroll tax	---	1.943
Other receivables, deferred assets		
Deposit credit card	5.000	5.000
Prepaid expenses	14.212	6.064
Other deferred assets	306	845
	19.518	11.909

3. Cash and cash equivalents

	Balance up to annual results 2020 €	Balance up to annual results 2019 €
Bank EUR	24.320	61.220
Bank USD (\$ 537.186 c.q. \$ 366.025)	437.039	325.803
	461.359	387.023

4. Equity

	Balance up to annual results 2020 €	Balance up to annual results 2019 €
Continuity reserve		
Carrying amount as of January 1	371.842	---
Material error 2019	-74.990	---
Balance of income and expenses	-223.817	371.842
	73.035	371.842

5. Current liabilities

	Balance up to annual results 2020 €	Balance up to annual results 2019 €
Supplier creditor debt		
Creditors	20.481	81.244
Pension		
Pension control	---	25.141
Deferred Revenue		
Ford Foundation	152.681	
Open Society Foundation	84.463	
ISAR Ednannia	44.114	
National Endowment for Democracy	39.237	
Sigrid Rausing Trust	48.231	
International Center for Not-for-Profit Law	4.781	
	373.509	648
Accruals and deferred income		
Audit costs	12.000	19.000
Purchase Invoices to receive	36.022	30.108
Net salaries payable	---	1.574
Reservation vacation days	11.699	4.319
	59.721	55.001

Contingent assets and liabilities**Long-term financial obligations**

Rental commitments buildings: ECNL has long-term rental commitments until 01 March 2023, which relates to the rent of the office/building. The commitments amount to **€3.580** per quarter (€14.320 per year).

6. NOTES TO THE STATEMENT OF INCOME AND EXPENSES 2020

	Balance up to annual results 2020 €	Budget as approved for 2020 €	Balance up to annual results 2019 €
6. Project Income			
Swedish International Development Cooperation Agency	525.241	801.638	340.119
Open Society Foundation	180.859	418.194	563.836
European Union	208.960	347.232	22.745
Sigrid Rausing Trust	105.657	78.116	127.142
Inspires Project	90.344	---	---
Ford Foundation	27.006	178.000	---
International Center for Not-for-Profit Law	26.006	191.871	---
Consultancy income	21.686	35.000	38.500
ISAR Ednannia	6.546	---	---
National Endowment for Democracy	5.709	---	---
MOTT Foundation	56	---	---
Exchange rate and other	-/-30.467	---	---
Consultancy	---	---	71.533
Calculated indirect costs to projects	---	---	-78.731
	1.167.603	2.050.051	1.085.144
7. Employee expenses			
Dutch gross salaries	500.271	841.912	
UK gross salaries	190.941	---	
All other payroll charges besides Gross salaries	79.115	---	
	770.327	841.912	269.949
<i>Dutch gross salaries</i>			
Dutch gross salaries	477.620		
Vacation Pay 8%	4.477		
Social security (Employer share)	13.081		
Pension costs	5.093		
	500.271		
<i>UK gross salaries</i>			
UK gross salaries	131.853		
UK Tax salaries	43.432		
UK staff pension	15.656		
	190.941		

Staff

At the company during 2020, on average 12 employees were employed.

	Balance up to annual results 2020 €	Budget as approved for 2020 €	Balance up to annual results 2019 €
8. Depreciation			
Depreciation Equipment	1.406	500	341
9. Other labour costs			
Expenses employees	---	---	482
Travel expenses	20.500	117.000	63.861
	20.500	117.000	64.343
10. Operation costs			
Marketing Expenses, Website, Public Relations	31.436	34.500	8.566
Translation services	8.369	10.000	739
Conference and Event	1.469	144.000	13.882
	41.274	188.500	23.187
11. Accommodation expenses			
Rent	9.851	35.000	15.656
12. Office expenses			
Postage	89	---	43
Telephone	961	---	31
Mobile phone	---	---	697
Electronic goods	80	5.000	2.717
Office Supplies	4.604	10.200	1.500
	5.734	15.200	4.988
13. General expenses			
Accounting & Fiscal Fees	41.646	34.000	37.380
Professional Fees other	253.052	171.000	257.624
Sub Grantee ECNL – professional fees	196.531	321.000	33.347
Currency Differences	20.001	---	-1.054
Bank fees	2.240	3.000	498
Office insurances	25.017	8.000	7.123
Other general costs	3.842	50.000	- 177
	542.329	587.000	334.741

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.

Signing of the financial statements

Creation financial statements

The financial statements are created by the management.

The Hague, 14 June, 2021

Name:

Ms Nina Kesar – Chairperson

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Nina Kesar

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Mr. John Clark – Treasurer

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John Clark

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Ms. Pia Tornikoski - Secretary

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Nilda Bullain

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Nilda Bullain

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Natasha Gaber-Damjanowska

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Natasha Gaber-Damjanowska

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Emile van der Does de Willebois

DocuSigned by:

Emile van der Does de Willebois

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

INDEPENDENT AUDITOR'S REPORT

A. Report on the audit of the financial statements 2020 included in the annual report

Our opinion

We have audited the financial statements 2020 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 2020, and of its result for 2020 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 2020;
2. the statement of income and expenses 2020;
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 European Center for Not-for-Profit Law Stichting 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 2020;
- General information
- Management report
- Other disclosure

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 14, 2021



Versluis Accountancy B.V.
J. Versluis RA