



European Center for
Not-for-Profit Law

annual report 2021

European Center for
Not-for-Profit Law Stichting

at The Hague

registration number 73239518 (Dutch chamber of commerce)

date 30 June 2022
reference 22-517/MaB

For identification purposes
Schoonhoven, d.d.
Versluis Accountancy B.V.
J. Versluis RA

21/9/2022
J. Versluis
HV

Table of contents

	<u>Page</u>
<u>Report</u>	
1. General Information	1
2. Taxes	2
3. Activity report 2021	2
4. Financial overview	11
5. Future plans of activities	12
<u>Financial statements</u>	
A. Balance sheet as at 31 December 2021	16
B. Statement of income and expenditure 2021	17
C. Cash flow statement	18
D. Accounting policies	19
E. Notes to the balance sheet	21
F. Notes to the statement of income and expenditure	26
G. Summary of the grants 2021	28
H. Annual indirect expense rate	29
<u>Other information</u>	30
Independent auditor's report	

Board Report

1. General information

1.1 Objectives of the Foundation

The foundation "ECNL" was founded on 28 November 2018.

The objectives of the foundation are

- protect human rights, including the freedoms of association, assembly, expression and privacy;
- support the development of civil society and public participation at the local, national, and international levels;
- promote the democratic legal order;
- 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;
- provide support to other organisations and to undertake research and educational initiatives to advance the foregoing objects.

The foundation seeks to realise its objectives by:

- a) Defending civic freedoms through knowledge, strategies and tools;
- b) Empowering activists and organisations to protect and expand civic freedoms through joint action;
- c) Strengthening standards and opening avenues to safeguard civic freedoms.

1.2 Governance and Organisation

The governance structure of ECNL is set up as follows:

- The Board is entrusted with the day-to-day management of the Foundation to enable the Foundation to carry out its activities, in view of the objectives included in its articles of association, the strategy, the policy and the results thereof;
- The Supervisory Board, which is responsible for supervising the Board and re-appoints members of the Board;
- The Board delegates its representative power and appoints two proxy holders to grant each of them a general and full power of attorney, especially to act on behalf of the Foundation with regard to all legal acts and to represent the Foundation independently towards third parties on all matters for which the board is responsible .

The structure is set out below:

1.2.1. *Composition of the Supervisory Board in 2021*

- Mr. Emile van der Does de Willebois (The Netherlands)
- Dr. Natasha Gaber-Damjanovska (North Macedonia)
- Ms. Nilda Bullain (Hungary/US)

1.2.2 *Composition of the Board in 2021*

- Ms. Nina Kesar (The Netherlands) – Chairperson
- Mr. John Clark (United Kingdom) – Treasurer
- Ms. Pia Tornikoski (Finland) – Secretary

1.2.3. *Proxy Directors*

- Katerina Hadzi-Miceva Evans – Executive Director
- Judit Varga – Director of Finance and Operations

2. Taxes

For tax purposes, ECNL operates with fiscal number (RSIN) 859416148. It pays taxes on salaries. ECNL is not considered an enterprise and as such is exempt from VAT and not liable for Corporate Income Tax.

ECNL is designated by the Tax Administration as an institution for General Benefit (Algemeen Nut Beogende Instelling or ANBI). Donations to ECNL can therefore be deducted from income tax, as well as from company and inheritance tax.

3. Activity report 2021

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

3.2. *Overarching Goals*

ECNL's overarching goals is to empower local advocates, organisations and movements, but also where possible, national authorities, intergovernmental organisations and other official bodies to understand the trends and their impact, to have the knowledge and tools to create and defend their own spaces.

3.3. Activities, objectives and results

Ensuring civic space protections in tech and Artificial Intelligence (AI) regulation

Digital technology has transformed the way we exercise our rights and freedoms. On the one hand, it is an indispensable tool for meetings, protest, participation or online campaigns. On the other hand, digital activism is already experiencing threats and restrictions, including internet shutdowns, surveillance or censorship. Furthermore, various algorithm-based mechanisms are also used in different ways to influence civic engagement: e.g., by governments in decision-making on whether to retain benefits, facial recognition or social-media-scouring surveillance. To avoid that such mechanisms suppress the right to protest, privacy and free expression, they should be developed in transparent way and with participation of civil society. In line with this, in 2021 ECNL worked with national partners, European and global networks to advocate for safeguards for fundamental rights and civic freedoms to be streamlined into the development and functioning of AI systems or devices and for participatory processes in the development and deployment of technology.

The initiatives to create global and regional legal standards that will regulate AI and tech intensified in 2022 – both on global level and in Europe. ECNL provides expertise and advocates that such standards consider the impact of AI and technology on human rights and civic space and include safeguards for our freedoms. Our work in 2021 focused on the following:

Council of Europe (CoE): ECNL represented the Conference of INGOs (CINGO) at the CoE Ad-Hoc Committee on AI (CAHAI). CAHAI developed recommendations for possible elements of a regulatory instrument on AI, to be negotiated in 2022. Together with civil society colleagues, ECNL warned about the strengths and weaknesses of the process and recommendations, calling for enhanced civic space safeguards and more CSO participation. CINGO adopted our conclusions as its official position. The CoE Director General for Democracy praised ECNL's "*incredible contribution*" to the work of the CAHAI, calling us "*the shield of the CoE*" for defending attempts by some member states to weaken the recommendations.

European Union (EU) AI Act and Digital Services Act (DSA): Together with digital rights organisations, ECNL proposed amendments to the AI Act to increase human rights safeguards and ensure stakeholder engagement in AI governance structure and supervisory tasks. Our proposed amendments were well received and incorporated in European Parliament joint IMCO-LIBE Committee [report](#). We will continue with advocacy and preparations to monitor the Act's negotiations and approval, its implementation and impact on civic space.

We also worked jointly with European CSOs on the draft EU DSA, relating to the governance of online platforms, which will impact civic space online. As part of the CSO DSA Alliance, we [called on EU policymakers](#) to consider mandatory human rights impact assessment as the primary mechanism for mitigating risks stemming from platforms' operations. The text then approved by the EP included our proposals, such as transparency requirements for intermediary service providers and consultation with CSO stakeholders for impact assessments. The final compromise text was approved in the EU trilogue negotiations. ECNL will keep on working with partners to follow up on the implementation of the DSA when it enters into force as of 1 January 2024.

UNESCO Recommendation on the Ethics of AI: The [UNESCO recommendation](#) is the **first-ever, global**, standard-setting document to address many of the opportunities and challenges posed by AI. We are delighted that the final text incorporates critical points around rights-based and inclusion-focused approach, supported by the Freedom Online Coalition members, including ECNL. After one of our sessions with UNESCO as part of the coalition, the Canadian delegation noted:

"From Canada's perspective, this has been very helpful in further contextualizing what is at stake in the language and prioritizing our interventions this week."

UN Office of the High Commissioner for Human Rights (OHCHR): We worked with the OHCHR digital technologies department on their draft for Developing System-Wide Guidance on Human Rights Due Diligence for Technology. ECNL provided extensive input and comments into the concept note and then first draft, as well as participated in consultation meetings. The Guidelines will be presented in 2022.

Strengthening civic voices in AI policy making

Creating a regulatory framework for AI is very much a human rights and civic freedoms issue, not only technology. Civic groups are the ones understanding the practical impact of AI on vulnerable and underrepresented communities. That is why ECNL is vocal about engaging civil society groups and activists in tech development and regulatory processes and helps build their capacity on this front.

ECNL kickstarted a [Mozfest Trustworthy AI Working group](#) to develop guidance for meaningful participation of CSOs and affected communities in AI development. The group promotes developing human rights impact assessments for AI systems and consists of various organisations across the globe working or interested in working on AI developments, as well as academia, researchers and a few private sector stakeholders, including Meta, Twitter, Mozilla and Google. ECNL also designed various online tools: our [online workshop learning series](#) on AI and its impact on human rights is aimed at CSOs that do not traditionally engage in digital rights or technology. The [learning packages on AI](#) on our newly-launched Learning Center also offer useful resources on the impact AI systems have on our life, rights, communities and work.

Protecting civic freedoms at the intersection of security and technology

ECNL launched work to identify how the use of technology for counter-terrorism (CT) purposes affects civic space. It convened a group of CSOs from each region of the world to identify evidence of impact of biometrics, surveillance and online content moderation on the freedoms of association and assembly. It also launched discussion on this topic and organised the only civil-society led [event on the margins of the UN Counter-Terrorism week](#) together with members of a global CSO Coalition working on CT issues, the Mission of Germany to the UN and the **UN Special Rapporteur on Human Rights and CT**. At this event, we discussed the human rights risks of using biometrics in CT efforts and how biometrics are (mis)used in emergency responses related to the pandemic. The UN Special Rapporteur tweeted:

“This was such an important event, bringing together the key organisations working on human rights, technology & counter-terrorism in one ‘virtual’ room. We need to listen to what these expert organisations have to say on these issues.”

The use of biometric technologies in countries of the European Union is unduly restricting people’s rights including their privacy, right to free speech, protest and not to be discriminated against. That is why, as a [campaign partner](#), we joined and promoted the launch of a new European Citizen Initiative calling on the EU to ban biometric mass surveillance practices in public spaces.

Enabling climate activism

Civil society plays a crucial role in the climate movement, but many governments restrict climate activism. These restrictions undermine climate mitigation efforts.

To shed more light on such restrictions, ECNL gathered [examples](#) on how the right to participation in climate related policies is limited in countries such as Ireland and Slovenia, and organised a [consultation for European CSOs](#) to support the report of the UN Special Rapporteur addressing this issue. We also developed an [e-handbook](#) on key international standards that protect climate activists and the mechanisms they can use to enforce these rights to promote good practice and human rights based approaches in law and practice.

At [COP26](#), ECNL organised a side event dedicated solely to the issue of participatory approach in resolving the climate crisis, the only one focusing on the importance of an civic space to step up climate action. Our session on participation was very timely; COP26 was heavily criticized by many as the ‘most exclusionary’ climate summit ever. In our [blog](#) we encouraged COP26 delegates to take the pledge for an open civic space. We also worked with a coalition of organisations to support the drafting of [Recommendations for UN state delegations](#) under the UNmuteCOP26 campaign calling upon them to take action to enhance the participation of Indigenous Peoples organisations and civil society at COP26.

Implementing global standards to protect online assemblies

Following two years of successful evidence-based advocacy and expertise by ECNL and our partners, in 2020 the Human Rights Committee General Comment (“GC”) 37 on freedom of peaceful assembly adopted General Comment (“GC”) 37 on Article 21, ICCPR (Right to Peaceful Assembly), which strengthens standards for freedom of assembly and litigation.

To support implementation of these standards on the national level, we co-organised and took part in four multi-stakeholder webinars throughout the year, with the participation of former and current Human Rights Committee members, to present the standards included in the GC – such as protection for digitally-mediated assemblies, private assemblies and assemblies for non-expressive purposes – and raise awareness of their ground-breaking significance as well as to discuss how civil society organisations played a crucial role in helping the GC’s drafting. Through training we also increased capacity of partners from the Eastern Partnership and Balkan region so they can use these safeguards in their own contexts.

We also published [3 factsheets on explaining the General Comment](#) as it relates to digitally mediated assemblies among other issues.

Finally, we co-organised an event on the issue at the global convening RightsCon 2021, which prompted a lively debate and questions from civil society participants attending from all four world regions, including representatives from Asia (India), Africa and Latin America, on how the protections for digitally mediated assemblies set out in the GC can be raised for advocacy purposes and litigation. Together with CSI partners, we prepared a [video](#) highlighting the General Comment and its contribution to digital freedoms, which was launched and disseminated at RightsCon 2021.

Improving the environment for digital fundraising

Philanthropy amplifies the power of people to create a better world. It supports activism and engagement of individuals and communities in that process. Philanthropy is also key for the effectiveness of grassroots activists, social movements, CSOs and others, who tirelessly work to help shape open societies, provide services and protect our rights and freedoms.

Therefore, an enabling legal environment is key for private giving to materialise and reach its purpose. In 2021 we deepened the knowledge-base and empowered local stakeholders to advocate for a better environment for philanthropy. We have achieved this through 1) organising a series of webinars; 2) launching comparative research, facilitating expert discussions and formulating Good Practices in the area of digital fundraising; 3) providing technical assistance support to local partners to counter restrictive measures or promote positive reforms; and 4) contributing to regional policy discussions that affect digital fundraising. For example, we published a [comparative research on the potential and risks of using digital technologies in fundraising](#).

The research helps CSOs, fundraisers and policymakers to think through how the environment can be further improved for digital fundraising in their countries. As a follow up to the research we launched a series of expert discussion on this topic. For example, we worked with colleagues in [Ukraine](#) to map the legal framework and technical steps on how to raise funds via digital technologies to support CSOs' activities in the country. Further, ECNL experts shared comparative experiences and resources on philanthropy during a meeting with CSOs in Mexico, where we discussed strategies on how to overcome some of the CSO challenges to access funding. All the accumulated knowledge was integrated into a set of [Good Practices in Digital Fundraising](#) that aim to create some standards that CSOs and other stakeholders can follow when using digital fundraising tools. It is divided into two sections based on the stakeholders they are addressed to: 1) regulators, meaning state authorities or decision makers and 2) fundraising practitioners. As a result of our work, we built the knowledge of hundreds of CSOs on key topics affecting the environment for philanthropy through following our webinars and other events. We convened a community of experts on digital fundraising and fundraising practitioners who exchanged experiences and contributed to building a common knowledge on digital fundraising.

Reforming counter-terrorism and anti-money laundering regulations globally

United Nations and Counter-Terrorism (CT): In 2020, ECNL joined a coalition of CSOs advocating for better standards regarding CT and their protection of civic space and human rights at the UN level. We are one of the key core group members, which steer the coalition's strategy and advocacy engagement. This effort is coordinated with the UN Special Rapporteur on human rights and CT.

The CSO coalition aims to address several issues, some of them linking closely to civic space: lack of transparency in CT legislation/policy processes, lack of participation from civil society in the UN CT mechanisms, use of CT measures to restrict civic space, expansion of bodies and mechanisms dealing with the issue from soft-law perspective and new synergies that bring in the work and standards of the Financial Action Task Force (FATF) into the UN system, sometimes to detriment of civil society.

With the coalition, we engaged in the 7th review of the Global Counter-Terrorism Strategy (GCTS) resolution. As part of this process we developed joint proposals, held repeated meetings with member states around the process, organized townhall events for CSOs and member states, took part in meetings by member states. As a result, the GCTS resolution contains improved language on civic space and human rights. ECNL's Executive Director delivered keynote remarks at a [high-level opening panel](#) hosted by the UN Office of Counterterrorism (OCT) and the Spanish UN Mission emphasising that we need to move from assumptions that financial flows through non-profit organizations pose terrorism-related threats to documenting precise evidence of where such threats are significant if we are to ensure that counter-terrorism measures do not harm civic freedoms and human rights.

Financial Action Task Force (FATF): ECNL continued collaborating with the Global NPO Coalition on FATF and its core group to ensure FATF standards do not harm civic space. ECNL coordinated the Coalition's input into the FATF latest [initiative](#) and call for evidence and examples of restrictive laws, implementation and practices that hamper civic space in the name of FATF standards. This is a part of the newly launched FATF's work stream on unintended consequences for non-profit sector (civil society) in general.

Jointly with partners from the Global Coalition, ECNL also developed materials for the new cycle of FATF trainings for country evaluators and governments that implement FATF standards on negative impact of FATF standards on CSO work. We compiled international human rights standards on freedom of assembly, association, participation that should be respected, check lists and examples on common over-regulation in the name of AML/CFT and good practice examples we have collected while working directly on country level during the years. Here is some positive feedback from the FATF on the package:

"I find everything under the 'Overview of restrictions connected to Recommendation 8' in the second document to be super compelling and very informative for our assessors. ... The country examples that were provided in the third document fit directly into what we're looking for in our standards training course."

Keeping civic space healthy: COVID and emergency powers

During the COVID-19 pandemic, states introduced new security-related legislations or used emergency powers to further restrict civic freedoms and human rights under the cover of fighting the pandemic.

To increase understanding of the trend, support development of policy solutions and strategies for a greater protection of civic freedoms while combating COVID-19, we provided a [research](#) on the [impact of securitised responses on civil space in times of COVID-19](#). We also co-hosted a Human Rights Council side event in February 2021 with the UN Special Rapporteur on freedom of assembly and prominent civil society partners on what the UN should do to end the misuse of security measures.

Building on data and research drawing from the [ECNL-ICNL COVID-19 Civic Freedom Tracker](#), we also engaged in other initiatives to generate learning and produce recommendations. For example, we produced a briefer on how other stakeholders, such as the [OECD](#), could better respond to the threat of emergency powers on civic space. In our policy brief to the [European Union](#), we critically assess the approach of the Commission and formulate targeted recommendations to improve the forthcoming EU Rule of Law Review Cycles. ECNL with partners developed a report for the [European Economic and Social Committee](#) analyzing how the COVID-19 pandemic has affected the work of CSOs across Europe and solutions implemented in individual EU Member States to support CSOs to exercise their fundamental rights and freedoms. Our advocacy paper to the [UN Human Rights Committee](#) (HRCCommittee) provides recommendations on how to better hold Member States accountable in the International Covenant on Civil and Political Rights Review Cycle for their use of emergency measures and the impact on civic freedoms. The HRCCommittee members well received and expressed appreciation for our recommendations, which they agreed to include in their country reviews. ECNL also highlighted the importance of a healthy civic space to democracy in post-COVID times at [sessions](#) we [moderated](#) at the Paris Peace Forum 2021.

We also engaged with coalition partners to strengthen protections in global standard setting bodies. As a result of one such effort, the key Human Rights Council 47th session [resolutions contain strong language](#) calling for heightened protection of online and offline civic space even in times of emergencies and instruct the OHCHR to conduct mapping exercises, consultations and prepare reports to follow up on states' obligations.

Monitoring trends, transforming laws and practices

Civil society groups increasingly use the online space and digital communication technologies for their activism and protests. To support them in identifying how technology is used and impacts the freedom of assembly we started to develop a tool to monitor the digital aspects of protests. The tool will allow non-tech CSOs to collect data about online protests and assess how government or private actors facilitate or restrict them. We also supported partners in [Moldova](#) and [North Macedonia](#) to undertake efforts to monitor digitally mediated assemblies and raise awareness of the importance of technology for the exercise for the freedom.

Our [CSO Meter](#) measures key areas of civil society environment in six Eastern Partnership countries. Based on the monitoring results, partners can have a clear plan of progressive law reforms needed in their countries. In 2021, we increased the group of CSOs who use the CSO Meter by establishing the regional CSO Meter Hub. The Hub now consists of 22 CSOs-members and serves as community of practice with vibrant and diverse knowledge and skills. We also expanded the scope of issues in the monitoring, so that it addresses critical new areas of concern for the enabling environment, such as digital rights, digitally-mediated assemblies, digital fundraising and climate activism. We also introduced a new system of scoring in the methodology to help track and compare complex developments in the CSO environment in a simplified and understandable way. The first monitoring reports based on this methodology are launched in spring 2022.

Supporting CSOs to protect operations and resources

For CSOs under pressure, it is often vital to get concise, up-to-date and easily navigable information on how registration, employment, taxation, cross border operations and banking is working in different jurisdictions. That is why ECNL, in cooperation with pro bono lawyers, over the year expanded its [Handbook on Registration of CSOs](#) to include at least 30 countries. We also created a separate [guide](#) on banking regulations in selected European countries that gives information on requirements for opening and managing a bank account. We also released a comparative table with [legal profiles](#) on selected European countries. The Handbook so far has proven particularly useful to partners in MENA, Eastern Europe, Asia. Most recently we have utilized its information to support partners in Ukraine and the region.

Empowering civil society through sharing and learning

ECNL launched an online platform with resources on critical drivers that affect civic space. The [Learning Center](#) is designed to walk users through the complex web of issues that impact civil society work on specific topic (currently on AI and on counter-terrorism). Through videos and explainers, it provides learning opportunity on how these issues translate to civic space restrictions and illustrates examples of CSO responses.

Protecting civic freedoms on the national level

ECNL provides support to CSOs in the countries where restrictive provisions on civic freedoms are tabled or enforced. In 2021 we submitted legal opinion on a new draft "Anti-Terrorism Act" in [Austria](#) and assessed the [UK](#) policing bill from an international human rights perspective. This analytical work supports CSOs in their advocacy or litigation. We also undertake efforts to create good practices and support partners to increase understanding of how global trends and new developments may impact their ability to exercise the freedoms of association and assembly and help them develop strategies for engagement.

Examples of successful initiatives include:

- In Denmark we worked with partners to help them identify the best arguments and strategic approach for their advocacy when the so-called "security-creating assembly ban", posing a serious threat and unnecessary restrictions to freedom of assembly, was introduced. In the end in June 2021 the proposal was voted down in Parliament.
- In [Serbia](#), ECNL provided assistance to CSO partners investigated by authorities using AML/CFT powers to obtain banking information on prominent watchdogs, activists and media outlets. We helped them submit complaint to the [UN Special Rapporteurs](#) who expressed concern about Serbian authorities' practice. The FATF too responded with valid and clear criticism. FATF reiterated that **"it is in direct contradiction to the FATF Standards and categorically unacceptable if its measures are exploited and used to oppress human rights under the pretext of counter-terrorism."** This important response will help CSOs globally to advocate against the abuse of AML/CFT legislation to crack down on civic space.
- In [Turkey](#), ECNL assisted local CSOs raising arguments and coordinated with international bodies about a new law limiting online money collections and increasing government oversight based on AML/CFT justification. The concerns have been addressed [by the UN Special Rapporteurs](#) and also [by the FATF](#). **Turkey has been placed under increased monitoring by the FATF.** This is an important message for other countries too: if they over-regulate civil society, they will not be able to claim being compliant with international AML/CFT standards.
- In [North Macedonia](#) together with the Association Konekt and the Financial Intelligence Office (FIO) of the Government, we co-created a good practice model for collaboration between governments and civil society in developing risk assessments for counter-terrorism financing purposes. As a result the Government adopted a "NPO Risk Assessment on Terrorism Financing" which identifies actual risks and integrates measures that should not harm civil society. ECNL also supported the Association Konekt to launch a multi-stakeholder dialogue between banks, civil society and the government in order to identify the challenges in the flow of funding and remove obstacles for easier financial transactions for civil society.
- In [Moldova](#), together with the Legal Resources Centre from Moldova (LRCM), ECNL co-organised a workshop on digital technologies and policies that impact civic space. Our objective was to prepare CSOs (and specifically those that work on human rights issues) to engage in the discussions around AI regulation in Moldova so that they can ensure that AI policies include safeguards for fundamental rights and freedoms. But the first task was to de-mystify what is AI and how it may impact human rights. Participants left the workshop with a list of the most important steps to be taken to ensure AI policies in Moldova are developed based on human rights norms and standards. As one participant stated:

"Before the event, I had no idea what is AI. Now I have a list of tasks to do and people to talk to."

- In [Ukraine](#), ECNL worked with national partner CEDEM to support them to investigate and increase understanding on how the use of digital technologies and AI affect civil society groups. As a result, CEDEM has become a leader in AI policy and established a core group of CSOs and independent AI experts. CEDEM has engaged in discussions with the Ministry of Digital Transformation on the need to introduce a human rights approach to the AI regulation. It also succeeded in bringing together CSOs, businesses and authorities. CEDEM's resources, including the webinars, the analytical materials and the infographics proved to be popular tools to increase understanding of the impact of AI on human rights and civil society and reached over 87.000 people.

HU

- In **Nigeria and Uganda** ECNL worked closely with national CSO partners from our Global Expert Hub on FATF to address the freezing of the bank accounts of prominent civil society activists amidst the ongoing protest initiative. We provided expertise to support their advocacy, include arguments and raise attention in international bodies. As a result, of their effort the FATF reviewed the work of Uganda, and civil society is more equipped to counter-arguments and actions by state officials. And the FATF also issued a [public statement](#) on Uganda: "FATF is monitoring Uganda's oversight of the NPO sector. Uganda is urged to apply the risk-based approach to supervision of NPOs in line with the FATF Standards".

3.4. Funders and networks

ECNL collaborates with and is supported by several private foundations in the implementation of its activities such as the Open Society Foundations, Ford Foundation, Oak Foundation, the Sigrid Rausing Trust. In addition, ECNL, in collaboration with the International Center for Not-for-Profit Law implements global programs such as the Civic Space Initiative funded by the Swedish International Development Cooperation Agency. ECNL also receives funding from the United States Agency for International Development (USAID).

ECNL is initiating, co-leading or is part of various global and regional networks and coalitions of civil society organizations. Through these networks and coalitions, it engages on topics such as counter-terrorism, climate justice, EU level civic space policies, technology. For a list of networks see here: <https://ecnl.org/networks>

4. Financial overview

Financial position and liquidity

The financial position of ECNL is healthy. The current ratio (current assets divided by total debts) is 1,07%. This is sufficient to meet the short and long term payment obligations.

The capital management is risk adverse and the cash and cash equivalents of ECNL are and will only be held on current accounts. Cash and cash equivalents increased (2020 € 461.359 - 2021 - € 1.204.221). This is mainly caused by amounts received in advance in 2021 for projects that has to be partially executed in 2022. The current liquidity position is sustainable.

Financial result 2021 and allocation

In 2021 ECNL achieved a positive balance of income and expenditure of € 37.078, budgeted was € 57.305.

The result income and expenditure of € 37.078 is allocated to the continuity reserves. The balance of the continuity reserve at 31 December 2021 is € 110.113. The continuity reserve is designed created to create a buffer. The purpose is to ensure the stability of the mission, programs, employment, and ongoing operations of the organisation. It is intended to provide an internal source of funds for situations such as sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses.

The targeted amount of the reserve is equal to six months of average operating costs. The calculation of average monthly operating costs includes all recurring, predictable expenses such as salaries, occupancy, office, program, and ongoing professional services. Per balance date the continuity reserve is 14% of six months of average operating costs in 2021.

Financial health

Over the past two years, and particularly during 2021, the organization has grown financially and plans to increase human resources to respond to the increased workload. The board is confident that with the current mixture of staff increases and use of consultants ECNL will be able to respond to these challenges of increased demand while remaining sustainable.

5. Future plans of activities

Below a summarize of the intentions and decisions to be taken in the new year, as well as the financial translation thereof in the budget 2022.

1. We will be reviewing ECNL organisational policies with Board. The aim is to reflect on the growth of ECNL over the past 3 years, identify what are policies that need adjustment and how to best reflect to allow for organisational strengthening. As part of that we will develop human resource system.
2. We will be reviewing ECNL organisational strategy and start working on new - year one. The plan is to assess the growth of ECNL programs, identify how they best fit the mission, discuss opportunities and challenges and create clear direction for future programming and financial sustainability.
3. We will review ECNL governance and the need for establishing a body of advisors who will support ECNL with its programmatic growth and positioning.
4. Considering the recent impact of Covid pandemic, war in Ukraine and increasingly volatile context in which our partners and team works we will review need for offering psychological guidance and support to staff.
5. We will review organisational communication, impact measurement and assessment and outreach to partners across regions to identify strengths, changes that need to be made and opportunities for improvement and growth.



Budget 2022

€

Income

Project income	2.839.103
Other	<u>0</u>
Total income	<u>2.839.103</u>

Expenditure

Personnel and staff related costs	1.234.129
Operation costs	201.000
Housing costs	15.000
Office costs	27.600
General expenses	1.304.642
Depreciation	<u>0</u>
Total expenditure	<u>2.782.371</u>

Balance of income and expenditure before financial income and expenditure	56.732
Financial income and expenditure	0
Extraordinary expenses	<u>0</u>

Balance of income and expenditure **56.732**

Allocation of balance from income and expenditure - Continuity reserves	<u>56.732</u>
--	---------------

Total 56.732

In 2022 the projected income shows a sharp increase from 2021. With staff increases and the use of external consultants, we are confident that we can deliver the activities ECNL has committed to. See below a breakdown of how ECNL's personnel has changed since 2020.

	Projected in 2022	2021	2020
Number of employees	17	12	12
Permanent employment	3	3	3
Fixed-term employment	14	8	8
Supporting consultants	3	3	2

The Hague, 30 June 2022

Board

DocuSigned by:

66346F0406E845E...
Ms. Nina Kesar (Chairperson)


DocuSigned by:

23178ED4E887444...
Mr. John Clark (Treasurer)

DocuSigned by:

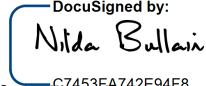
0E8A9ABAE7A4A1...
Ms. Pia Tornikoski (Secretary)

Supervisory Board

DocuSigned by:

205975767C41460...
Mr. Emile van der Does de Willebois

DocuSigned by:

7EEC12D5D7EF427...
Dr. Natasha Gaber-Damjanovska

DocuSigned by:

C7453FA742E94F8...
Ms. Nilda Bullain



A. Balance sheet as at 31 December 2021

	<u>31-12-2021</u>	<u>31-12-2020</u>
	€	€
ASSETS		
Fixed assets		
- Tangible fixed assets	<u>11.029</u>	<u>5.283</u>
Total fixed assets	<u>11.029</u>	<u>5.283</u>
Current assets		
- Receivables	273.420	60.105
- Cash and cash equivalents	<u>1.204.221</u>	<u>461.359</u>
Total current assets	<u>1.477.641</u>	<u>521.464</u>
Total assets	<u>1.488.670</u>	<u>526.747</u>
LIABILITIES		
Reserves and funds		
- Continuity reserves	<u>110.113</u>	<u>73.035</u>
Total reserves and funds	<u>110.113</u>	<u>73.035</u>
Short-term liabilities	<u>1.378.557</u>	<u>453.712</u>
Total liabilities	<u>1.488.670</u>	<u>526.747</u>



B. Statement of income and expenditure 2021

	<u>Actual 2021</u>	<u>Budget 2021</u>	<u>Actual 2020</u>
	€	€	€
<u>Income</u>			
Project income	<u>1.553.054</u>	<u>1.700.784</u>	<u>1.198.070</u>
Total income	<u>1.553.054</u>	<u>1.700.784</u>	<u>1.198.070</u>
<u>Expenditure</u>			
Personnel and staff related costs	842.085	1.013.740	790.827
Operation costs	23.515	190.880	41.274
Housing costs	12.958	30.000	9.851
Office costs	14.519	8.846	5.734
General expenses	654.316	394.513	520.088
Depreciation	<u>3.194</u>	<u>3.500</u>	<u>1.406</u>
Total expenditure	<u>1.550.587</u>	<u>1.641.479</u>	<u>1.369.180</u>
Balance of income and expenditure before financial income and expenditure	2.467	59.305	-171.110
Financial income and expenditure	<u>34.611</u>	<u>-2.000</u>	<u>-52.708</u>
Balance of income and expenditure	<u>37.078</u>	<u>57.305</u>	<u>-223.818</u>
Allocation of balance from income and expenditure - Continuity reserves	<u>37.078</u>	<u>57.305</u>	<u>-223.818</u>
Total	<u>37.078</u>	<u>57.305</u>	<u>-223.818</u>

C. Cash flow statement

	2021		2020	
	€	€	€	€
<u>Cash flow from operating activities</u>				
Balance of income and expenditure	37.078		-223.818	
Mutation from result 2019	0		-74.990	
Depreciation	3.194		1.406	
		40.272		-297.402
Mutations in work capital:				
- Receivables	-213.315		83.220	
- Short-term liabilities	924.845		291.679	
Total mutations in work capital		711.530		374.899
Total cash flow from operating activities		751.802		77.497
<u>Cash flows used in investing activities</u>				
Purchases	-8.940		-3.161	
Desinvestments	0		0	
Depreciations desinvestments	0		0	
Total cash flows used in investing activities		-8.940		-3.161
Net increase in cash and cash equivalents		742.862		74.336
Cash and cash equivalents 1 January		461.359		387.023
Cash and cash equivalents 31 December		1.204.221		461.359
Changes in cash and cash equivalents		742.862		74.336

Notes to the cash flow statement

The cash flow statement analyses the changes in cash and cash equivalents between 1 January 2021 and 31 December 2021 and is prepared according to the indirect method.

D. Accounting policies

The principal accounting policies applied in the preparation of these annual accounts are set out below.

General information

The reporting entity, the European Center for Not-for-Profit Law Stichting (ECNL), was founded on 28 November 2018. It has its registered office in The Hague, and is registered at the Dutch chamber of commerce under registration number 73239518.

The objectives of the Foundation, under its Articles of Association reads as follows: To protect human rights, including the freedoms of association, assembly, expression and privacy.

Assets and liabilities are stated at face value unless a different valuation principle is mentioned.

These financial statements are prepared in accordance with Dutch Accounting Standard Board's Guideline for Annual Reporting C1 for small not-for-profit organisations. Unless otherwise indicated, assets and liabilities are entered at nominal value under the historical cost convention and are used for the Foundation's objectives.

Going concern

The accounting policies within the financial statements are based on the assumption that ECNL will be able to continue as a going concern.

Currency

The reporting currency is Euro (EUR). Transactions denominated in other currencies conducted during the reporting period are recognised in the annual accounts at the rate of exchange on the transaction date. Any resulting exchange differences are recognised through income and expenditure. Amounts denominated in other currency have been converted into Euro (EUR) using the exchange rate valid on the transaction date. Exchange differences are accounted for in the statement of income and expenditure unless a different rate is mentioned.

Fixed assets

These are shown at historical cost. Depreciation and amortisation are calculated based upon these assets according to the straight-line method on the expected useful life of the class of asset concerned. If there is deemed to be a permanent diminution in the value of an asset, the appropriate value adjustment is made. Depreciation percentages are 20% for equipment.

Receivables

Receivables are stated at face value with a net of provisions for doubtful debts where necessary.

Grants receivable/grants received in advance

The surplus of cash received by the donor/grantor in the reporting period in comparison to the recorded grant income is accounted for in the balance sheet as 'Grants received in advance'. If the recorded grant income exceeds the received cash advance, the difference is accounted for as 'Grants receivable' on the balance sheet.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank balances. Cash and cash equivalents are stated at face value.

Liabilities

Liabilities are initially recognized at fair value. Transaction costs directly attributable to the incurrence of the liabilities are included in the measurement on initial recognition. Liabilities are subsequently measured at amortized costs; this is the amount received plus or less any premium or discount and net of transaction costs.

Income and expenditure

Income and expenditure are recognised as they are earned or incurred and are recorded in the financial statements of the period to which they relate. Losses are taken into account if they originate in the financial year and as soon as these are anticipated. Profit or loss is determined as the difference between realisable value of the services delivered and the costs and other charges for the year.

Grants are recorded as income in the financial statements of the period to which they relate. If a grant requires repayment of any unused funds within the grant period, income is recorded by matching it to the allocated expenditure of the grant. If no repayment is required, income is recorded in the period the grants relate to. Income recognition includes agreed upon coverage for indirect expenditure.

Salaries, wages and social security contributions are taken to the income statement based on the terms of employment, where they are due to employees.

Accounting policies for the appropriation

The balance of income and expenditure is processed as presented on page 17, the statement of income and expenditure.



E. Notes to the balance sheet

	<u>31-12-2021</u>	<u>31-12-2020</u>
	€	€
ASSETS		
<u>Tangible fixed assets</u>		
<i>Equipment</i>		
Net book value per opening balance	5.283	3.528
Investments	8.940	3.161
Minus: depreciation	<u>-3.194</u>	<u>-1.406</u>
Net book value per 31 December	<u><u>11.029</u></u>	<u><u>5.283</u></u>
Accumulated investments per 31 December	15.970	7.030
Minus: accumulated depreciations per 31 December	<u>-4.941</u>	<u>-1.747</u>
Net book value per 31 December	<u><u>11.029</u></u>	<u><u>5.283</u></u>
<u>Receivables</u>		
Project receivables	218.331	33.437
Debtors	25.900	7.150
Prepayments	10.483	14.212
Deposit	5.000	5.000
Other receivables	<u>13.706</u>	<u>306</u>
Total receivables	<u><u>273.420</u></u>	<u><u>60.105</u></u>

* The deposits consists of a credit card limit deposit (€ 5.000).

	<u>31-12-2021</u>	<u>31-12-2020</u>
	€	€
<u>Cash and cash equivalents</u>		
ABN AMRO EUR account	1.095.642	24.320
ABN AMRO USD account	<u>108.579</u>	<u>437.039</u>
Total cash and cash equivalents	<u><u>1.204.221</u></u>	<u><u>461.359</u></u>

The cash and cash equivalents can be withdrawn upon demand.

LIABILITIES

Continuity reserves

Balance 1 January	73.035	371.842
Material error 2019	0	-74.990
Allocation balance income and expenditure	<u>37.078</u>	<u>-223.817</u>
Balance continuity reserves 31 December	<u><u>110.113</u></u>	<u><u>73.035</u></u>

The continuity reserves are used to ensure continuity of the organisation. It is at free disposal of the board.

Short-term liabilities

Grants received in advance	1.317.540	373.510
Accounts payable	21.744	36.022
Holiday payment accrual	20.055	11.699
Audit fee	12.000	12.000
Creditors	<u>7.218</u>	<u>20.481</u>
Total short-term liabilities	<u><u>1.378.557</u></u>	<u><u>453.712</u></u>

All short-term liabilities have a maturity shorter than one year.

	<u>31-12-2021</u>	<u>31-12-2020</u>
	€	€
- Grants received in advance		
Open Society Foundation	684.358	84.467
Ford Foundation	273.510	152.681
OAK Foundation	128.630	0
European Union	101.065	0
Sigrid Rausing Trust	69.923	48.231
ISAR Ednannia	32.672	44.114
SIDA	18.005	0
National Endowment for Democracy	9.377	39.237
International Center for Not-for-Profit Law	<u>0</u>	<u>4.780</u>
Total grants received in advance	<u>1.317.540</u>	<u>373.510</u>

RIGHTS AND OBLIGATIONS NOT INCLUDED IN THE BALANCE SHEET

Rights

ECNL has several multiyear grant contracts with organisations. This involves the following contracts:

The European Union has granted ECNL and the partners € 799.999 for the period of 1 January 2021 up to 31 December 2023. € 200.621 has been recognised as grant income up to the reporting period. The grant income recognised is 90% of the direct grant expenditure. The remaining € 599.378 will be recognised in the period as it is received from the grantor and expenses are made. € 101.065 has been received in advance for the period up to 31 December 2023.

The Ford Foundation has granted ECNL \$ 600.00 (€ 529.848) for the period of 1 July 2020 up to 30 June 2023. € 170.882 has been recognised as grant income up to the reporting period of which € 143.876 has been recognised as grant income in the financial period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 358.966 will be recognised in the period as it is received from the grantor and expenses are made. € 273.510 has been received in advance for the period up to 30 June 2023.

The MOTT Foundation has granted ECNL \$ 200.000 (€ 176.616) for the period of 1 November 2020 up to 31 October 2022. € 90.633 has been recognised as grant income up to the reporting period of which € 90.577 has been recognised as grant income in the financial period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 85.983 will be recognised in the period as it is received from the grantor and expenses are made. € 32.672 has been received in advance for the period up to 31 October 2022.

The National Endowment for Democracy has granted ECNL \$ 200.000 (€ 176.616) for the period of 1 November 2020 up to 28 February 2022. € 122.978 has been recognised as grant income up to the reporting period of which € 117.269 has been recognised as grant income in the financial period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 53.638 will be recognised in the period as it is received from the grantor and expenses are made. € 9.377 has been received in advance for the period up to 28 February 2022.

The OAK Foundation has granted ECNL € 207.906 for the period of 1 November 2021 up to 30 November 2023. € 1.387 has been recognised as grant income up to the reporting period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 206.519 will be recognised in the period as it is received from the grantor and expenses are made. € 128.630 has been received in advance for the period up to 30 November 2023.

The Sigrid Rausing Trust has granted ECNL £ 70.000 (€ 83.493) for the period of 1 June 2021 up to 31 May 2022. € 11.405 has been recognised as grant income up to the reporting period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 72.088 will be recognised in the period as it is received from the grantor and expenses are made. € 69.923 has been received in advance for the period up to 31 May 2022.

ICNL has granted ECNL \$ 47.200 (€ 41.681) for the period of 5 March 2021 up to 4 March 2022. € 4.936 has been recognised as grant income up to the reporting period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 36.745 will be recognised in the period as it is received from the grantor and expenses are made. € 4.936 is still to be received from the donor.

The Open Society Foundation (OSF) has granted ECNL \$ 300.000 (€ 264.924) for the period of 1 September 2021 up to 31 January 2023. € 2.235 has been recognised as grant income up to the reporting period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 262.689 will be recognised in the period as it is received from the grantor and expenses are made. € 250.460 has been received in advance for the period up to 31 January 2023.

OSF has also granted ECNL \$ 300.000 (€ 264.924) for the period of 1 September 2020 up to 31 August 2022 and another \$ 250.000 (€ 220.770) for the period of 1 August 2021 up to 31 July 2023. € 112.482 has been recognised as grant income up to the reporting period of which € 24.174 has been recognised as grant income in the financial period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 373.212 will be recognised in the period as it is received from the grantor and expenses are made. € 433.898 has been received in advance for the period up to 31 July 2023.

OSF has also granted ECNL \$ 225.000 (€ 198.693) for the period of 1 January 2022 up to 31 December 2022.

Overview of grants that have been fully reported as income per balance date but have not yet been fully approved by the donor per balance date

- ICNL SIDA
- ICNL Inspires
- ICNL Emergency Powers

Obligations

Rental contract

ECNL has signed a rental contract with Stichting Fonds 1818 on 23 September 2020 for the use of office space, located on Riviervismarkt 5 in The Hague. The contract started on 1 April 2021, with the end date of 31 March 2024, which can be renewed every three years. The rental price is € 10.020 excluding VAT per year. The contract can be terminated with a minimum of one year's written notice.

Post balance sheet events

There have been no significant events post balance date which would materially affect the annual accounts.

F. Notes to the statement of income and expenditure

	<u>Actual 2021</u>	<u>Budget 2021</u>	<u>Actual 2020</u>
	€	€	€
INCOME			
<u>Project income</u>			
SIDA	623.285	628.940	525.241
Open Society Foundation	26.409	82.000	180.859
OAK Foundation	1.387	0	0
European Union	200.621	248.085	208.960
Sigrd Rausing Trust	59.076	63.881	105.657
Inspires Project	122.664	123.000	90.344
Ford Foundation	143.876	164.000	27.006
International Center for Not-for-Profit Law	63.502	63.263	26.006
Consultancy income	44.977	33.820	21.686
ISAR Ednannia	59.410	64.195	6.546
National Endowment for Democracy	117.270	147.600	5.709
MOTT Foundation	90.577	82.000	56
	<u>1.553.054</u>	<u>1.700.784</u>	<u>1.198.070</u>
Total project income *	<u>1.553.054</u>	<u>1.700.784</u>	<u>1.198.070</u>

* An overview of the total expenditure per grant is found in 'G. Summary of the grants 2021' (page 28).

EXPENDITUREPersonnel and staff related costs

Salaries	661.370	}	931.681	613.950
Social security	94.904		56.513	
Pension premiums	71.243		20.749	
Other staff costs	14.568		82.059	99.615
	<u>842.085</u>		<u>1.013.740</u>	<u>790.827</u>
Personnel and staff related costs	<u>842.085</u>		<u>1.013.740</u>	<u>790.827</u>
<i>FTE (average over the reporting period)</i>	<i>10,60</i>		<i>8,30</i>	<i>1,53</i>
<i>Number of employees (FTE) per December 31st</i>	<i>10,40</i>		<i>8,30</i>	<i>5,10</i>

No remuneration has been awarded to Supervisory board members.

	<u>Actual 2021</u>	<u>Budget 2021</u>	<u>Actual 2020</u>
	€	€	€
<u>Operation costs</u>			
Marketing expenses, website, public relations	18.280	36.350	31.436
Translation services	2.663	22.480	8.369
Conference and events	<u>2.572</u>	<u>132.050</u>	<u>1.469</u>
Total operation costs	<u><u>23.515</u></u>	<u><u>190.880</u></u>	<u><u>41.274</u></u>
<u>Housing costs</u>			
Office rent	<u>12.958</u>	<u>30.000</u>	<u>9.851</u>
Total housing costs	<u><u>12.958</u></u>	<u><u>30.000</u></u>	<u><u>9.851</u></u>
<u>Office costs</u>			
Postage	0	200	89
Telecommunication costs	1.296	5.146	961
Electronic goods	0	0	80
Office supplies	<u>13.223</u>	<u>3.500</u>	<u>4.604</u>
Total office and administration costs	<u><u>14.519</u></u>	<u><u>8.846</u></u>	<u><u>5.734</u></u>
<u>General expenses</u>			
Accounting and fiscal fees	25.115	28.000	41.646
Professional fees other	365.382	193.163	253.052
Sub Grantee ECNL - professional fees	226.752	153.350	196.531
Insurances	37.067	15.000	25.017
Other general costs	<u>0</u>	<u>5.000</u>	<u>3.842</u>
Total general expenses	<u><u>654.316</u></u>	<u><u>394.513</u></u>	<u><u>520.088</u></u>
<u>Financial income and expenditure</u>			
Bank charges	-2.503	-2.000	-2.240
Interest paid	-3.015	0	0
Currency exchange rate differences	<u>40.129</u>	<u>0</u>	<u>-50.468</u>
Total financial income and expenditure	<u><u>34.611</u></u>	<u><u>-2.000</u></u>	<u><u>-52.708</u></u>



G. Summary of the grants 2021

	Receivables (Grants to be received) 31-12-2020		Liabilities (Grants received in advance) 31-12-2020		Project expenditure		Grant income recognised		Grant received in cash		Balance of liabilities and receivables		Receivables (Grants to be received) 31-12-2021		Liabilities (Grants received in advance) 31-12-2021	
	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€
	A	B	C	D	E	A - B + D - E										
SIDA	22.444	0	623.285	654.783	489.944	187.283	187.283	0	0	0	0	0	0	0	0	0
Open Society Foundation	0	84.466	26.409	26.409	626.301	-684.358	-684.358	0	0	0	0	0	0	0	684.358	0
OAK Foundation	0	0	1.387	1.387	130.017	-128.630	-128.630	0	0	0	0	0	0	0	128.630	0
European Union	6.115	0	226.114	200.621	307.801	-101.065	-101.065	0	0	0	0	0	0	0	101.065	0
Sigrid Rausing Trust	0	48.231	60.620	59.076	80.768	-69.923	-69.923	0	0	0	0	0	0	0	69.923	0
Inspires Project	3.710	0	122.664	122.664	144.379	-18.005	-18.005	0	0	0	0	0	0	0	18.005	0
Ford Foundation	0	152.681	143.876	143.876	264.705	-273.510	-273.510	0	0	0	0	0	0	0	273.510	0
International Center for Not-for-Profit Law	1.112	4.780	63.550	73.237	38.521	31.048	31.048	0	0	31.048	0	0	0	0	0	0
Consultancy income	0	0	11.396	44.977	44.977	0	0	0	0	0	0	0	0	0	0	0
ISAR Ednannia	0	44.114	63.455	59.410	15.296	0	0	0	0	0	0	0	0	0	0	0
National Endowment for Democracy	0	39.238	117.270	117.270	87.409	-9.377	-9.377	0	0	0	0	0	0	0	9.377	0
MOTT Foundation	56	0	90.577	90.577	123.305	-32.672	-32.672	0	0	0	0	0	0	0	32.672	0
Total	33.437	373.510	1.550.603	1.594.287	2.353.423	-1.099.209	-1.099.209	218.331	218.331	1.317.540	1.317.540	1.317.540	1.317.540	1.317.540	1.317.540	1.317.540

H. Annual indirect expense rate

Description	As of Dec 31, 2021	% to Total Cost of Project and Operating
	€	%
Total cost of project and operating expenses	1.550.587,00	
Total ECNL direct expenses	1.298.129,19	
Administrative expenses including management and general administration, Public holidays, vacation and sick leaves, occupancy, postage, communications, legal and financial fees, bank charges, office supplies, equipment purchase computer services, general translations, insurances and dues and subscriptions.	246.765,00	19,0%
Board related expenses	898,55	0,1%
Website and Program development	4.731,26	0,4%
Total ECNL operational expenses in FY 2021	252.394,81	19,4%

Other information

Independent auditor's report

The independent auditor's report is included at the next page of the annual accounts.



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 2021 included in the annual report

Our opinion

We have audited the financial statements 2021 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 2021, and of its result for 2021 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 2021;
2. the statement of income and expenses 2021;
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 2021;
- Board 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, September 8, 2022


Versluis Accountancy B.V.
J. Versluis RA