



European Center for  
Not-for-Profit Law

# annual report

# 2022

European Center for  
Not-for-Profit Law Stichting

at The Hague

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## 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 2022*

- 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 2022*

- 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 2022**

### 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

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.

### 3.3. Activities, objectives and results

#### Tools for positive change

At ECNL we are committed to developing user-friendly and innovative tools that support our partners to increase knowledge around new emerging issues, including on strategies and tactics that they can use to protect their space and create good practices.

Such tools can be especially powerful in times of emergencies and crisis. In 2022, we saw many crisis situations, such as the war in Ukraine or widespread protests across Iran that turned into deadly violence towards critical voices. These events had a significant impact both on the civil society environment and our partners, within the affected countries and beyond. Investigating and alerting about threats as efficiently as possible through innovative methods can bridge the knowledge and information gaps that often hinder fast action.

##### Learning and Sharing Center

ECNL launched an educational [online platform](#) to facilitate access to information and knowledge around key trends affecting civil society work. The platform currently features two main thematic sections: Technology and Artificial Intelligence (AI), and Security and Counter-Terrorism (CT). In the first thematic modules users can learn more about how AI impacts human rights, civic freedoms or work as a civil society activist. In the second section they can explore how different elements of security and CT measures, such as risk assessment or de-risking, affect civic space. The platform hosts a variety of explainers, videos, testimonials, case studies and readings on critical aspects of the topics, organised under thematic packages, which users can go through at their own pace to increase understanding of issues.

##### Monitoring the CSO environment in the Eastern Partnership (EaP) region

Strong collaboration with partners in the EaP region is the cornerstone of our [CSO Meter](#) initiative. Together we designed a monitoring framework to identify trends that affect civic space in Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine and come up with national responses to protect civic freedoms. Our CSO Meter monitors key areas of civil society law and practice, ranging from issues of freedom of association and assembly, through participation in decision-making to the impact of emerging technologies and AI on civil society organisations (CSOs). Based on a set of standards and indicators reflecting international safeguards, the CSO Meter then assesses countries' compliance under each area. The evidence collected through this monitoring effort empowers CSOs to advocate for progressive law reforms in their countries. The latest reports show that CSOs' space to operate and possibilities for activism faced continued restrictions, both in law and in practice. However, we have also seen some positive developments, such as the improved state funding processes in Armenia and Ukraine; the opening of avenues for cooperation in Moldova or the new civil society strategy in Ukraine. ECNL produced [video stories](#), where our partners [Transparency International Anti-Corruption Center](#), [MG Consulting LLC](#), [Civil Society Institute](#), [Promo-Lex Association](#) and the [Ukrainian Center for Independent Political Research](#) share these positive changes and explain how they continue to monitor the legal environment even under extreme restrictions or during war.

### Monitoring digital assemblies

The new technologies opened up new virtual spaces for protests and assemblies. At the same time, such technologies are often used to silence those that demand political and social change. In 2022, ECNL developed a ["Guide on Digitally-Mediated Assemblies"](#) to facilitate better understanding of legal safeguards related to freedom of assembly in the digital space and gather evidence about the ways technologies are used to organise or clamp down on protests. This data is instrumental for CSOs and activists to prepare to challenge restrictions to this fundamental right in their countries or regions.

Our partners piloted the new Guide in [Armenia](#), [Iran](#), [North Macedonia](#) and [Serbia](#), and issued reports with proposed advocacy actions. They shared their findings in a [webinar](#) in February 2023 on how to enable online protests and assemblies. The event was hosted by ECNL and the UN Special Rapporteur on the rights to peaceful assembly and of association. More than 60 representatives of civil society, academia and governments worldwide attended, shared inspiring examples of digital activism and identified common trends. They discussed concrete recommendations on how to co-operate with global and regional mechanisms to strengthen the exercise of their right to protest online and offline.

### Communicating protest effectively

Conflict and disruption create difficult contexts to make persuasive arguments and win new supporters in, but it is possible. Our short guide for activists ["Communicating Protest: How to Frame Persuasive Messages"](#) shows how to use protests to achieve campaign objectives.

### Framework for Meaningful Engagement in AI Development

Designing products using AI often happens behind closed doors. At ECNL, we advocate for opening these doors. Those most affected by AI systems need space to engage in impact assessments. But how can we make such engagement meaningful?

With SocietyInside, and through the [Action Coalition on Civic Engagement in AI Design](#), we invited over 150 individuals and groups from civil society, business and public service to find the answer together. We developed a [Framework](#) as to guide creation of participatory processes, share helpful tools and set standards. Ultimately, our aim with the Framework is to aid governments, businesses, civil society, AI developers and deployers better identify impacts on individual and collective rights, especially for marginalised groups. In 2023 we continue to pilot the Framework with the City of Amsterdam.

### Fundraising policy considerations in times of crisis

The recent pandemic crisis, the war in Ukraine as well as humanitarian aid threats in other countries highlighted the key role CSOs play in delivering essential services to the wider public. At the same time, CSOs also proactively contribute to expanding civic space and advocating for change during crisis.

The same crisis, however, makes fundraising for CSOs harder, threatening their own existence as well as the well-being of the larger community. To address this need, ECNL developed a new [resource](#) that highlights eight major problems, which can make fundraising more challenging at such times (e.g., CSOs opening, using and maintaining bank accounts; emergency powers pandemic-related restrictions making certain fundraising methods more difficult; reduction in available resources from private sources.) The resource also highlights seven ways which the sector should anticipate or consider responding to these threats. The resource builds on work ECNL and partners started around developing guidance for states and international actors (the so-called [Tbilisi Principles](#)) and advocating for their use to create opportunities for civil society sustainability in times of crisis.

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#### Safeguards for environmental defenders

Environmental defenders are under pressure across the globe through various forms: laws criminalising 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 and death threats. These actions are contrary to international standards on human rights and the environment. To support defenders and their organisations to protect their spaces, ECNL developed a [Handbook](#) to map out (1) the scope of standards that protect the environmental activists' rights to association, peaceful assembly, expression and participation in decision-making; (2) the type of restrictions that affect the space for environmental defenders; and (3) the mechanisms that they can use to enforce their rights and freedoms.

#### Action-oriented research on emerging civic space threats

At ECNL, we continue to analyse trends and drivers that impact civic spaces. This includes dedicating time and resources to tracking and documenting emerging issues and challenges. By doing so, we can better understand the complex and dynamic factors that shape the environment CSOs operate in.

#### Expanding the use of tech for countering terrorism - what about human rights?

The UN and member states are increasingly concerned about the role of emerging technology, such as AI, biometric systems, and information and communications technology to facilitate terrorism. They are using assumptions about such threats to justify a call of broad and unrestricted CT responses, including the use of the very same technologies that can be then abused by authorities.

There is little evidence showing that AI and tech is effective to fight terrorism. In contrast, harm and human rights abuses caused by tech are real and documented. Together with members of the [CSO Coalition on Human Rights and Counter-Terrorism](#) we work to identify evidence of use and harm, develop recommendations and engage in global advocacy with UN bodies; we aim create safeguards against existing and future misuse of tech. For example, in a [Just Security](#) blog, we urged the UN Security Council to scrutinise how emerging technologies are used for CT purposes, and meaningfully involve civil society in doing so.

In addition, together with partners in India, Jordan, Mexico, Thailand, Türkiye, Uganda and **Ukraine**, we undertook a mapping to further investigate how human rights and civic space are affected by biometric technology and social media moderation. The report "[CT and Tech: Mapping the impact of biometric surveillance and social media platforms on civic space](#)" from this work highlights how tools introduced in the name of security and CT can harm civil society. We now work with partners to form legal arguments and recommendations which are used in advocacy for stronger regulatory safeguards in the use of technology.

Further, over the past decade, new technologies have been expected to increase efficiency in tackling financial crime far beyond human compliance checks. However, the impact on nonprofit clients and marginalised communities are often an afterthought for financial institutions when technologies to fight money laundering or terrorism financing are developed. In our fintech-related report "[New Tech Perpetual Challenges – How Emerging Technologies for Financial Compliance Impact the Nonprofit Sector](#)", prepared by ECNL, Rita R. Soares, LL.M., Dr. Tasniem Anwar and Dr. Mara Wesseling, we show the real-world impact of these emerging technologies and propose recommendations to improve nonprofits' access to financial services.

#### Learning from the past emergencies to shape a resilient tomorrow

In coalition with [International Network of Civil Liberties Organisations](#) (INCLO), [Privacy International](#) and organisations from **Colombia, France, India, Indonesia, Kenya and South Africa**, we investigated how surveillance technology was (mis)used by governments throughout the COVID crisis. We then formed recommendations for state actors, private companies and CSOs to ensure more human rights-centred technological responses to future emergencies. Our report, "[Under Surveillance: \(Mis\)use of technologies in emergency responses](#)" is part of the efforts of the Emergency Powers Coalition. This global collective of CSOs takes action to resist and roll back emergency powers in national laws and strengthen standards in international fora.

#### Resource mobilisation and legislative reform

Having access to resources is critical for civil society to carry out litigation, defend rights and build resilience. However, the legal and policy landscape surrounding philanthropy is very complex. ECNL created a "[Monitoring Guide](#)" to help CSOs navigate this regulatory environment, remove legislative barriers and adopt new (digital) models for better mobilisation of funds. This work was featured by the [OECD Civic Space Observatory](#) and is used by CSOs from Europe, MENA and Latin America for policy change.

#### Mobilising civil society for joint action

CSOs are impactful changemakers of society. With joint efforts, the changes they envision can be reached more efficiently by learning from each other's experiences, challenges and sharing best practices. Each local reality is unique, but each holds the opportunity for collective learning. We have a wide reach to the stakeholders of the sector and we have the expertise to facilitate collective and inclusive learning through knowledge sharing.

In September 2022, in collaboration with the [International Center for Not-for-Profit Law](#) (ICNL) and [Human Security Collective](#) we brought together activists working to protect civic space from the misuse of counter-terrorism financing (CTF) and anti-money laundering (AML) measures. The third [Global Meeting of the Expert HUB on AML/CTF](#) took place in Paris. The HUB currently includes over 80 activists from more than 45 countries. The event facilitated engagement with the Financial Action Task Force (FATF) Secretariat to exchange reflections on the implementation of Recommendation 8. Recommendation 8 is a standard adopted by the FATF on what measures and steps states should take to review risk of terrorism financing in the nonprofit sector. The representative of the UN Special Rapporteur on human rights and CT shared findings and recommendations from the mandate on the role of AML/CT measures in the closing of civic space. In addition, to facilitate rapid information sharing about the latest developments on AML/CT measures, we opened [a new online platform](#) as a secure virtual space where members can support each other, share knowledge and collaborate on advocacy efforts. By joining this hub, they share access to valuable resources, strategies and insights that can be discussed with fellow members.



### Teaming up with diverse allies for increased impact

Through work with different actors, we pool our resources, expertise and networks to achieve a greater impact than we could individually. ECNL values the importance of diverse perspectives, ideas and approaches. These contribute to increased understanding on the complexity of issues and help with proposing solutions. Solutions that eventually lead to more protection of civic freedoms.

Over the year, we collaborated with various sectors to expand opportunities for creating meaningful change. For instance, we partnered with investor and consumer groups, trade unions, and academia to advocate for stronger human rights protections in policies related to AI. For example, the [investors group](#) with over 1.6 trillion Euros in assets made a statement in support of mandatory human rights impact assessment for AI systems – thus helping amplify also civil society request for such assessments. We also engaged with actors who have an impact on civic space, such as banks, to develop solutions to the problem of suspension of bank accounts and transfers by CSOs as a result of anti-money laundering processes. Together with tech firms, we co-developed models for civil society participation in technology development (see above Framework for Meaningful Engagement in AI Development).

We provided evidence, arguments and expertise to multilateral human rights and technical bodies that create standards, to protect freedoms and enforce accountability on governments, banks and tech companies. We joined the Institute of Electrical and Electronics Engineers, the largest organisation of technology and engineering professionals, and we contribute to INTERPOL and EUROPOL's documents on standards for responsible use of AI. As part of the Financial Action Task Force Private Consultative Forum and through our NPO Coalition on FATF we provide expertise and advocate for improvement of the FATF counter-terrorism financing documents regarding CSOs and in their application by state bodies so that they do not harm civic space.

### Support to civil society relocation and work in exile

Dramatic crises have shaken Eastern Europe in the recent years: total crackdown on civil society in Belarus, persecutions in Russia and war in Ukraine. In addition, civil society from other regions where there are conflicts and restriction, operate under unsafe circumstances both for their staff and for their resources. As a result, many activists and defenders need to operate in exile.

To support CSOs and activists with their relocation, we launched the [Global Nonprofits Guide](#) that helps CSOs and activists understand the laws on different forms of nonprofits, registration processes, internal governance structures, or employment and tax regulations around the world. With its easy navigation system, information on specific countries can be compared with just a couple of clicks. The project is run in collaboration with [DLA Piper](#) and [PILnet](#) and their law firms and has benefited groups across Europe, Middle East and North Africa, and Asia.

The [Nonprofit Banking Guide](#) provides civil society and other interested parties with easy comparison of the conditions for opening and managing an organisational bank account in 38 different European countries. ECNL and PILnet have teamed up with law firms to develop the guide that has proven to be especially vital for CSOs that operate across countries and also under emergency circumstances.

During crisis situations, CSOs' relief efforts can be slowed down or hindered by laws that aim to ensure the integrity of the financial system ECNL is part of a forum of European civil society and donors which discusses needs for coordinated and systemic protection of groups in exile. Issues proposed for action include dedicated visa regimes, banking guidelines, well-being and forward-planning strategies. To facilitate better crisis preparedness and vital humanitarian action, ECNL worked with the representatives of the European Union, MONEYVAL (the FATF regional body), governments, financial institutions, donors and CSOs. Together we produced the first-ever set of [recommendations](#) to all these key actors to guide them to balance the need to meet urgent humanitarian needs with maintaining financial integrity.

## Safeguarding civic freedoms

### How civil society stopped Georgia's Foreign Agents Draft Law

Georgia introduced draft legislation aiming to regulate foreign funding- organisations that receive funding or other support from foreign funders that make up at least 20% of their annual revenue were to be labelled "agents of foreign influence." It would have also introduced burdensome reporting obligations on foreign funding and high penalties for their violation. A second version of the bill was also put forward and prescribed potential criminal prosecution targeting ordinary citizens. Both drafts were withdrawn thanks to intensive protests in the country. ECNL and ICNL prepared a full analysis and two briefers on the issue (available [here](#) and [here](#)). This is a huge win for Georgian civil society and hopefully for the region.

### The need for regulating AI with a human rights centric approach

The European Union is developing a regulatory framework on AI. The Council of Europe works on a Convention on AI and UNESCO on AI recommendations. These are just few bodies, where ECNL engaged over the years by providing expertise. We advocate to ensure that regulatory and policy initiatives consider fundamental rights and civic space, and are not done in isolation, but with collaboration of civil society and marginalised groups.

**Safeguards for AI systems for military and national security purposes.** A blanket exemption is currently proposed in the EU AI Act when member states use AI for national security, which could harm human rights. As part of our advocacy to reverse the proposed exemption, we developed research, legal analysis and arguments. We also conducted [public polls](#) in 12 EU member countries asking questions about how voters feel about the use of technology and their fears from national security. The results, for example, showed that voters [disagree](#) with justifying the use of surveillance technology if it harms rights. This supported our advocacy work seeking to ensure that AI rules fully protect human rights.

**Convening CSOs to ensure AI policies follow a rights-based approach.** ECNL supports CSOs to engage in relevant AI regulatory processes. Human rights and civic space groups have invaluable expertise about the impact of AI-based systems on different groups of citizens, including vulnerable groups. For example, in [Ukraine](#), we supported the [Center for Democracy and Rule of Law \(CEDEM\)](#) to increase CSOs' understanding how AI affects human rights and civil society groups. As a result, they established a core group of CSOs and independent AI experts, which jointly advocates for human rights safeguards in draft legislation, identifies gaps in existing ones as well as plans human rights impact assessments for some of the AI-driven applications developed in the public sector. In [Malawi](#), in collaboration with our partner [Youth and Society](#), ECNL trained youth and women rights activists on key notions of digital rights as well as relevant legal standards. The training contributed to partners' efforts to create a youth digital rights movement in the country and a high-level action plan for the next two years.

#### **4. Financial overview**

##### *Financial position and liquidity*

The financial position of ECNL is healthy. The current ratio (current assets divided by total debts) is 280%. This is sufficient to meet the short and long term payment obligations.

The capital management is risk averse and the cash equivalents of ECNL are and will only be held in current accounts. Cash and cash equivalents increased (from € 1.204.221 in 2021 to € 1.377.209 in 2022). This is mainly due to sums received in advance in 2022 for project activities to take place in 2023. The current liquidity position is sustainable.

##### *Financial result 2022 and allocation*

In 2022 ECNL achieved a positive balance of income and expenditure of € 182.396, budgeted was € 93.268 negative.

The income and expenditure balance of € 182.396 is allocated to the continuity reserves (€ 149.151) and the designated reserve (€ 33.245). The balance of the continuity reserve at 31 December 2022 is € 480.672. The continuity reserve is designed to create a buffer 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 increases in expenses, one-time unbudgeted expenses, unanticipated or uninsured losses.

The targeted amount of the reserves 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 43% of six months of average operating costs in 2022.

##### *Financial health*

Over the past years, the organisation 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 is a summary of the intentions and decisions to be taken in the new year, as well as the budget implications for 2023.

- In 2022, ECNL underwent an organisational review of its operations, programming, financing and other areas of work. Based on this exercise, ECNL has developed new priorities to strengthen its organisational arrangements and strategic focus. In 2023-2024 ECNL will develop plans for the implementation of these priorities and will work with the staff, Board and experts to execute them.
- We will start the process of developing a new ECNL organisational strategy together with members of the Board, staff and external partners.
- We will work to establish a body of advisors who will support ECNL with its programmatic growth and positioning.
- We will also work to integrate stronger inclusion strategy and update necessary policies.

**Budget 2023**

€

Income

Project income	2.358.218
Other	<u>0</u>
Total income	<u>2.358.218</u>

Expenditure

Personnel and staff related costs	1.395.524
Operation costs	146.100
Housing costs	35.000
Office costs	42.334
General expenses	689.637
Depreciation	<u>0</u>
Total expenditure	<u>2.308.595</u>

Balance of income and expenditure before financial income and expenditure	49.623
Financial income and expenditure	0
Extraordinary expenses	<u>0</u>

**Balance of income and expenditure** 49.623

Allocation of balance from income and expenditure - Continuity reserves	<u>49.623</u>
Total	<u>49.623</u>

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In 2023 the projected income is similar to 2022. Also staff is similar to 2022 See below a breakdown of how ECNL's personnel has changed since 2021.

	<b>Projected in 2023</b>	<b>2022</b>	<b>2021</b>
<b>Number of employees</b>	17	18	12
<b>Permanent employment</b>	9	7	3
<b>Fixed-term employment</b>	8	11	8
<b>Supporting consultants</b>	3	3	3

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The Hague, 30 June 2023

**Board**

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*Pia-Carita Tornikoski*  
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**Ms. Pia Tornikoski (Chairperson)**

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**Mr. John Clark (Treasurer)**

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**Ms. Nelleke Hoffs (Secretary)**

**Supervisory Board**

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**Dr. Natasha Gaber-Damjanovska**

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*Nilda Bullain*  
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**Ms. Nilda Bullain**



## A. Balance sheet as at 31 December 2022

	<u>31-12-2022</u>	<u>31-12-2021</u>
	€	€
<b>ASSETS</b>		
Fixed assets		
- Tangible fixed assets	<u>7.844</u>	<u>11.029</u>
Total fixed assets	<u>7.844</u>	<u>11.029</u>
Current assets		
- Receivables	165.403	273.420
- Cash and cash equivalents	<u>1.377.209</u>	<u>1.204.221</u>
Total current assets	<u>1.542.612</u>	<u>1.477.641</u>
<b>Total assets</b>	<b><u>1.550.456</u></b>	<b><u>1.488.670</u></b>
<b>LIABILITIES</b>		
Reserves and funds		
- Continuity reserve	480.672	331.521
- Designated reserve	<u>519.245</u>	<u>486.000</u>
Total reserves and funds	<u>999.917</u>	<u>817.521</u>
Short-term liabilities	<u>550.539</u>	<u>671.149</u>
<b>Total liabilities</b>	<b><u>1.550.456</u></b>	<b><u>1.488.670</u></b>

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## B. Statement of income and expenditure 2022

	<u>Actual 2022</u>	<u>Budget 2022</u>	<u>Actual 2021</u>
	€	€	€
<b><u>Income</u></b>			
Project income	<u>2.462.023</u>	<u>2.689.103</u>	<u>2.260.462</u>
Total income	<u>2.462.023</u>	<u>2.689.103</u>	<u>2.260.462</u>
<b><u>Expenditure</u></b>			
Personnel and staff related costs	1.191.628	1.234.129	842.085
Operation costs	102.629	201.000	23.515
Housing costs	20.321	15.000	12.958
Office costs	36.509	27.600	14.519
General expenses	871.835	1.304.642	654.316
Depreciation	<u>3.185</u>	<u>0</u>	<u>3.194</u>
Total expenditure	<u>2.226.107</u>	<u>2.782.371</u>	<u>1.550.587</u>
Balance of income and expenditure before financial income and expenditure	235.916	-93.268	709.875
Financial income and expenditure	<u>-53.520</u>	<u>0</u>	<u>34.611</u>
<b>Balance of income and expenditure</b>	<b><u>182.396</u></b>	<b><u>-93.268</u></b>	<b><u>744.486</u></b>
Allocation balance of income and expenditure			
- Continuity reserves	149.151	-93.268	258.486
- Designated reserve	<u>33.245</u>	<u>0</u>	<u>486.000</u>
Total	<u>182.396</u>	<u>-93.268</u>	<u>744.486</u>

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## C. Cash flow statement

	2022		2021	
	€	€	€	€
<u>Cash flow from operating activities</u>				
Balance of income and expenditure	182.396		744.486	
Mutation from result 2021	0		-707.408	
Depreciations	3.185		3.194	
		185.581		40.272
Mutations in work capital:				
- Receivables	108.017		-213.315	
- Short-term liabilities	-120.610		924.845	
Total mutations in work capital		-12.593		711.530
Total cash flow from operating activities		172.988		751.802
<u>Cash flows used in investing activities</u>				
Purchases	0		-8.940	
Desinvestments	0		0	
Depreciations desinvestments	0		0	
Total cash flows used in investing activities		0		-8.940
<b>Net increase in cash and cash equivalents</b>		<b>172.988</b>		<b>742.862</b>
Cash and cash equivalents 1 January		1.204.221		461.359
Cash and cash equivalents 31 December		1.377.209		1.204.221
Changes in cash and cash equivalents		172.988		742.862

### Notes to the cash flow statement

The cash flow statement analyses the changes in cash and cash equivalents between 1 January 2022 and 31 December 2022 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.

### Error recovery and comparative figures

Part of the grants from OSF and Ford Foundation received in previous years were core grants and should therefore have been considered as income in the year they were awarded. This means an amount of € 707.408 should have been considered as extra income. This has been corrected in the comparative figures of 2021 in the project income, the designated reserve and the grants received in advance.

### 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 14, the statement of income and expenditure.

*bit*

## E. Notes to the balance sheet

	<u>31-12-2022</u>	<u>31-12-2021</u>
	€	€
<b>ASSETS</b>		
<u>Tangible fixed assets</u>		
<i>Equipment</i>		
Net book value per opening balance	11.029	5.283
Investments	0	8.940
Minus: depreciations	<u>-3.185</u>	<u>-3.194</u>
Net book value per 31 December	<u>7.844</u>	<u>11.029</u>
Accumulated investments per 31 December	15.970	15.970
Minus: accumulated depreciations per 31 December	<u>-8.126</u>	<u>-4.941</u>
Net book value per 31 December	<u>7.844</u>	<u>11.029</u>
<u>Receivables</u>		
Prepayments	90.687	10.483
Project receivables	70.465	218.331
Debtors	3.375	25.900
Deposit	0	5.000
Other receivables	<u>876</u>	<u>13.706</u>
Total receivables	<u>165.403</u>	<u>273.420</u>
All debtors are considered as collectible.		
<u>Cash and cash equivalents</u>		
ABN AMRO EUR account	1.101.373	1.095.642
ABN AMRO USD account	<u>275.836</u>	<u>108.579</u>
Total cash and cash equivalents	<u>1.377.209</u>	<u>1.204.221</u>

The cash and cash equivalents can be withdrawn upon demand.

	<u>31-12-2022</u>	<u>31-12-2021</u>
	€	€
<b>LIABILITIES</b>		
<u>Continuity reserve</u>		
Balance 1 January	331.521	73.035
Mutation error recovery 2021	0	221.408
Allocation balance income and expenditure	<u>149.151</u>	<u>37.078</u> *
Balance continuity reserve 31 December	<u><u>480.672</u></u>	<u><u>331.521</u></u>

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

\* The comparative figures have been adjusted due to error recovery. The continuity reserve has increased with € 221.408 in total.

Designated reserve

Balance 1 January	486.000	0
Mutation error recovery 2021	0	486.000 *
Allocation balance of income and expenditure	<u>33.245</u>	<u>0</u>
Balance designated reserve 31 December	<u><u>519.245</u></u>	<u><u>486.000</u></u>

The Board decided to establish a reserve fund. The purpose of this is to ensure the stability of the mission, programs, employment, and ongoing operations of the organisation and to provide a source of unearmarked, discretionary funds for organisational priorities such as program opportunity and capacity building. Funds that are available for such organisational purposes are not subject to commitments, planned expenditure and spending limits. Reserves do not include restricted funds and designated project funds. The minimum amount to be designated will be established in an amount sufficient to maintain ongoing operations for a set period of time, measured in months, and if necessary, will be reviewed and adjusted in response to internal and external changes. Currently the target minimum of the reserve fund 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 supply, travel, program, and ongoing professional services.

\* The comparative figures have been adjusted due to error recovery. The designated reserve has been created and amounts to € 486.000.

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	<u>31-12-2022</u>	<u>31-12-2021</u>
	€	€
<u>Short-term liabilities</u>		
Grants received in advance	444.672	610.132
Creditors	51.311	7.218
Holiday payment accrual	33.044	20.055
Audit fee	12.000	12.000
Accounts payable	9.512	21.744
Total short-term liabilities	<u>550.539</u>	<u>671.149</u>

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

- Grants received in advance

Open Society Foundation	149.142	250.460 *
MOTT Foundation	136.620	32.672
European Union	60.760	101.065
Sigrid Rausing Trust	48.696	69.923
International Center for Not-for-Profit Law	29.897	0
OAK Foundation	18.687	128.630
Association Konekt	870	0
SIDA	0	18.005
National Endowment for Democracy	0	9.377
Ford Foundation	0	0 *
Total grants received in advance	<u>444.672</u>	<u>610.132</u>

\* The comparative figures have been adjusted due to error recovery. The grants received in advance have decreased with € 707.408 in total.

## RIGHTS AND OBLIGATIONS NOT INCLUDED IN THE BALANCE SHEET

### Rights

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

The Open Society Foundation (OSF) has granted ECNL \$ 300.000 (€ 252.695) for the period of 1 September 2021 up to 30 June 2023. € 103.553 has been recognised as grant income up to the reporting period of which € 101.318 has been recognised as grant income in the financial period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 149.142 will be recognised in the period as it is received from the grantor and expenses are made. € 149.142 has been received in advance for the period up to 31 January 2023.

The MOTT Foundation has granted ECNL \$ 220.000 (€ 206.045) for the period of 1 November 2022 up to 31 October 2024. € 37.066 has been recognised as grant income up to the reporting period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 168.979 will be recognised in the period as it is received from the grantor and expenses are made. € 136.620 has been received in advance for the period up to 31 October 2024.

The European Union has granted ECNL and the partners € 799.999 for the period of 1 January 2021 up to 31 December 2023. € 461.513 has been recognised as grant income up to the reporting period of which € 260.892 has been recognised as grant income in the financial period. The grant income recognised is 90% of the direct grant expenditure. The remaining € 338.486 will be recognised in the period as it is received from the grantor and expenses are made. € 60.760 has been received in advance for the period up to 31 December 2023.

The Sigrid Rausing Trust has granted ECNL £ 300.000 (€ 338.796) for the period of 1 June 2022 up to 31 May 2025. This is an unrestricted grant. € 68.175 has been recognised as grant income up to the reporting period. The grant income recognised is comparable to the received grant proportionally to the project period. The remaining € 270.621 will be recognised in the period as it is received from the grantor. € 48.696 has been received in advance for the period up to 31 May 2022.

ICNL has granted ECNL \$ 168.378 (€ 157.698) for the period of 1 July 2022 up to 31 July 2023. € 40.616 has been recognised as grant income up to the reporting period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 117.082 will be recognised in the period as it is received from the grantor and expenses are made. € 22.309 has been received in advance for the period up to 31 July 2023.

ICNL has granted ECNL \$ 150.767 (€ 141.204) for the period of 15 December 2021 up to 31 October 2024. € 41.469 has been recognised as grant income up to the reporting period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 99.735 will be recognised in the period as it is received from the grantor and expenses are made. € 8.308 has been received in advance for the period up to 31 October 2024.

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ICNL has granted ECNL \$ 2.060.232 (€ 1.929.551) for the period of 1 May 2019 up to 28 February 2023. € 1.827.373 has been recognised as grant income up to the reporting period of which € 223.487 has been recognised as grant income in the financial period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 102.178 will be recognised in the period as it is received from the grantor and expenses are made. € 9.605 is still to be received from the donor.

The OAK Foundation has granted ECNL € 207.906 for the period of 1 November 2021 up to 30 November 2023. € 111.330 has been recognised as grant income up to the reporting period of which € 109.943 has been recognised as grant income in the financial period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 96.576 will be recognised in the period as it is received from the grantor and expenses are made. € 18.687 has been received in advance for the period up to 30 November 2023.

Association Konekt has granted ECNL \$ 74.897 (€ 70.146) for the period of 1 January 2022 up to 31 December 2025. € 21.697 has been recognised as grant income up to the reporting period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 48.449 will be recognised in the period as it is received from the grantor and expenses are made. € 870 has been received in advance for the period up to 31 December 2025.

The National Endowment for Democracy has granted ECNL \$ 235.500 (€ 220.562) for the period of 1 May 2022 up to 31 July 2023. € 132.955 has been recognised as grant income up to the reporting period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 87.607 will be recognised in the period as it is received from the grantor and expenses are made. € 19.976 is still to be received from the donor.

Partners Global have granted ECNL \$ 208.084 (€ 194.885) for the period of 23 February 2022 up to 28 February 2023. € 73.255 has been recognised as grant income up to the reporting period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 121.630 will be recognised in the period as it is received from the grantor and expenses are made. € 40.883 is still to be received from the donor.



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.

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## F. Notes to the statement of income and expenditure

	<u>Actual 2022</u>	<u>Budget 2022</u>	<u>Actual 2021</u>
	€	€	€
<b>INCOME</b>			
<u>Project income</u>			
Open Society Foundation (OSF)	300.275	581.815	460.307 **
MOTT Foundation	115.232	82.401	90.577
European Union	260.892	321.233	200.621
Sigrid Rausing Trust	138.099	40.100	59.076
Inspires Project	40.616	121.890	122.664
OAK Foundation	109.943	121.904	1.387
International Center for Not-for-Profit Law	154.774	0	63.502
Association Konekt	21.697	25.293	0
Ford Foundation	778.654	618.488	417.386 **
SIDA	223.487	304.279	623.285
Consultancy income	56.523	12.366	44.977
National Endowment for Democracy	188.490	239.773	117.270
Partners Global	73.255	187.927	0
ISAR Ednannia	0	0	59.410
Other project income	<u>86</u>	<u>31.634</u>	<u>0</u>
Total project income *	<u><u>2.462.023</u></u>	<u><u>2.689.103</u></u>	<u><u>2.260.462</u></u>

From the total income 11% comes from government organisations, 2% comes from businesses and 87% comes from other non-profit organisations.

Core funding is funding for the organisation as a whole and concerns part of the funding of OSF and the Ford Foundation. Other funding is project funding and has a repayment obligation when the funding is not fully spent.

\* An overview of the total expenditure per grant is found in 'G. Summary of the grants 2022' (page 28).

\*\* The comparative figures have been adjusted as a result of error recovery. The project income 2021 for Open Society Foundation and Ford Foundation has increased with € 707,408 in total.

	<u>Actual 2022</u>	<u>Budget 2022</u>	<u>Actual 2021</u>
	€	€	€
<b>EXPENDITURE</b>			
<u>Personnel and staff related costs</u>			
Salaries	808.415		661.370
Social security	111.054	1.091.479	94.904
Pension premiums	76.341		71.243
Other staff costs	<u>195.818</u>	<u>142.650</u>	<u>14.568</u>
Total personnel and staff related costs	<u>1.191.628</u>	<u>1.234.129</u>	<u>842.085</u>
<i>FTE (average over the reporting period)</i>	<i>13,80</i>	<i>14,60</i>	<i>10,60</i>
<i>Number of employees (FTE) per December 31st</i>	<i>16,60</i>	<i>16,60</i>	<i>10,40</i>
No remuneration has been awarded to Supervisory board members.			
<u>Operation costs</u>			
Website, public relations, marketing expenses	27.551	29.900	18.280
Translation services	4.650	16.100	2.663
Conference and events	<u>70.428</u>	<u>155.000</u>	<u>2.572</u>
Total operation costs	<u>102.629</u>	<u>201.000</u>	<u>23.515</u>
<u>Housing costs</u>			
Office rent	<u>20.321</u>	<u>15.000</u>	<u>12.958</u>
Total housing costs	<u>20.321</u>	<u>15.000</u>	<u>12.958</u>
<u>Office costs</u>			
Telecommunication costs	5.283	7.000	1.296
Office supplies	31.093	20.600	13.223
Postage	<u>133</u>	<u>0</u>	<u>0</u>
Total office costs	<u>36.509</u>	<u>27.600</u>	<u>14.519</u>

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	<u>Actual</u> 2022	<u>Budget</u> 2022	<u>Actual</u> 2021
	€	€	€
<u>General expenses</u>			
Accounting and fiscal fees	61.940	70.000	25.115
Professional fees other	395.814	480.442	365.382
Sub Grantee ECNL - professional fees	383.025	726.820	226.752
Insurances	31.056	22.380	37.067
Other general costs	<u>0</u>	<u>5.000</u>	<u>0</u>
Total general expenses	<u><u>871.835</u></u>	<u><u>1.304.642</u></u>	<u><u>654.316</u></u>

Because of the nature of our work, our actions are always planned rather than certain. We either work in unstable political and economic environments or on subjects that require more/less engagement due to their evolving nature. It is impossible to foretell what will occur in any particular year for which we must prepare, and workplans can alter as the circumstances on the ground changes. Therefore the realised amount for sub grantee is lower than budgeted.

Financial income and expenditure

Bank charges	-3.448		-2.503
Interest paid	-4.064		-3.015
Currency exchange rate differences	<u>-46.008</u>		<u>40.129</u>
Total financial income and expenditure	<u><u>-53.520</u></u>	<u><u>0</u></u>	<u><u>34.611</u></u>

Due to a fall of the dollar rate in the last months of the reporting period a currency loss has occurred.



## G. Summary of the grants 2022

	Balance of liabilities and receivables 31-12-2021	Error recovery	Receivables (Grants to be received) 31-12-2021	Liabilities (Grants received in advance) 31-12-2021	Project expenditure	Grant income recognised	Grant received in cash	Balance of liabilities and receivables	Receivables (Grants to be received) 31-12-2022	Liabilities (Grants received in advance) 31-12-2022
	€	€	€	€	€	€	€	€	€	€
			A	B	C	D	E	A+B+D+E		
Open Society Foundation (OSF)	-684.358	433.898	0	250.460	370.363	300.275	198.957	-149.142	0	149.142
MOTT Foundation	-32.672	0	0	32.672	133.455	115.232	219.180	-136.620	0	136.620
European Union	-101.065	0	0	101.065	262.282	260.892	220.587	-60.760	0	60.760
Sigrid Rausing Trust	-69.923	0	0	69.923	101.756	138.099	116.872	-48.696	0	48.696
Inspires Project	-18.005	0	0	18.005	39.028	40.616	44.920	-22.309	0	22.309
OAK Foundation	-128.630	0	0	128.630	109.943	109.943	0	-18.687	0	18.687
International Center for Not-for-Profit Law	31.048	0	31.048	0	155.789	154.774	193.410	-7.588	0	7.588
Association Konekt	0	0	0	0	21.695	21.697	22.567	-870	0	870
Ford Foundation	-273.510	273.510	0	0	426.495	778.654	778.654	0	0	0
SIDA	187.283	0	187.283	0	251.376	223.487	401.165	9.605	9.605	0
Consultancy income	0	0	0	0	43.278	56.523	56.523	0	0	0
National Endowment for Democracy	-9.377	0	0	9.377	195.977	188.490	159.137	19.976	19.976	0
Partners Global	0	0	0	0	79.932	73.255	32.371	40.884	40.884	0
<b>Total</b>	<b>-1.099.209</b>	<b>707.408</b>	<b>218.331</b>	<b>610.132</b>	<b>2.191.369</b>	<b>2.461.937</b>	<b>2.444.343</b>	<b>-374.207</b>	<b>70.465</b>	<b>444.672</b>

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## H. Annual indirect expense rate

Description	As of Dec 31, 2022	% to Total costs of project and operating expenses
	€	%
Total costs of project and operating expenses	2.226.107	
Total ECNL direct expenses	1.984.397	
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.	238.376	12,0%
Board related expenses	2.318	0,1%
Website and Program development	1.016	0,1%
<b>Total ECNL operational expenses in FY 2022</b>	<b>241.710</b>	<b>12,2%</b>

## 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. K. Hadzi-Miceva Evans  
Riviervismarkt 5  
2513 AM The Hague

## **INDEPENDENT AUDITOR'S REPORT**

### **A. Report on the audit of the financial statements 2022 included in the annual report**

#### **Our opinion**

We have audited the financial statements 2022 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 2022, and of its result for 2022 in accordance with the 'RJK C1 kleine organisaties zonder winststreven' (Guideline for annual reporting RJK C1 'for small not-for-profit organisations' of the Dutch Accounting Standards Board).

The financial statements comprise:

1. the balance sheet as at 31 December 2022;
2. the statement of income and expenses 2022;
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:

- Board report;
- Activity report 2022.

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 'RJK C1 kleine organisaties zonder winststreven' (Guideline for annual reporting RJK C1 'for small 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 'RJK C1 kleine organisaties zonder winststreven' (Guideline for annual reporting RJK C1 'for small 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, July 27, 2023



Versluis Accountancy B.V.  
J. Versluis RA

