



European Center for  
Not-for-Profit Law

# annual report

# 2023

European Center for  
Not-for-Profit Law Stichting  
at The Hague  
[registration number 73239518 \(Dutch chamber of commerce\)](#)

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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 2023

- 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 2023

- Ms. Pia Tornikoski (Finland) – Chairperson
- Mr. John Clark (United Kingdom) – Treasurer
- Ms. Nelleke Hoffts (Netherlands) – 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 and VAT on consultancy income. ECNL is not considered an enterprise and as such is 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 2023

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

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

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

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

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

**Reform and standard setting pathway:** Strong international, regional and national systems can safeguard rights, give guidance, change narratives and disrupt systems of power that limit civic action.

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

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

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

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

## UNIQUE PERSPECTIVES

For two decades, ECNL has collaborated with partners to safeguard civic freedoms. Our primary focus lies in empowering civil society by cultivating conducive legal and policy environments. In this Annual Report, we present notable achievements from 2023. Whether amplifying civic voices in AI governance, facilitating avenues for civil society activism, or effecting policy changes through advocacy efforts, ECNL strives to ensure decision-makers recognise and integrate the distinct perspectives of civil society.

### Elevating civic voices for human rights-based Artificial Intelligence (AI) regulation

In recent years, the rapid advancement and deployment of AI technologies have far outstripped the development of corresponding legislative frameworks. In some cases this has led to clear violation of human rights standards or failure to consider risks in these areas. Recognising this critical gap, the European Union (EU), Council of Europe, and the United Nations are all working towards binding regulations on AI. These regulations will have an enormous influence, covering every private and public sector organisation in the world and shaping the future of how we develop and use the AI systems. They are poised to profoundly impact individual freedoms, but could offer vital safeguards against the misuse of AI systems to undermine rights and democratic principles. ECNL is actively involved in these ongoing processes, advocating for regulations that prioritise fundamental rights and civic space. Importantly, we facilitate the involvement of civil society and marginalised groups to ensure that these regulations are comprehensive, rights-based and inclusive.

Below are six examples of how ECNL has worked towards this goal.

**European Union: AI Act.** In 2021 the European Commission published a proposal for harmonised rules for the development, placing on the market, and use of AI in the EU. During 2023, negotiations around the EU AI Act continued on the European Parliament-level, and by December the Parliament and the Council reached a provisional agreement on the Act. Throughout the process, ECNL's focus was two-fold. First, we convened CSOs (including those focusing on civic space and human rights more broadly) and worked to enable them to actively advocate for robust safeguards for civic freedoms and the rule of law. We provided learning sessions, explanations of the digital rights issues and worked together to map harms and develop joint proposals. Second, we developed expertise in this area and also engaged with various diverse groups (digital rights, investors, European institutions) to advocate for human rights safeguards in the AI Act. For example, we [called for](#) obliging governments and companies to conduct mandatory assessments of how AI systems affect people's fundamental rights when they develop or deploy AI systems, and create risk mitigation plans accordingly. This ensured that some strong safeguards were incorporated in the Act and that there is a mass of diverse organisations, including nondigital ones who can continue to engage in the field, monitor the application of the Act and ensure human rights implementation.

In terms of its outcomes, the AI Act did not [incorporate](#) some of the high standards civil society advocated for. For example, it does not go far enough to guarantee the right of participation. Specifically, public authorities or companies will not be required to engage with external stakeholders when assessing fundamental rights impacts of AI. Individuals whose rights have been violated will have the possibility to file complaints, but CSOs will be able to represent them only when consumer rights are involved. In other words, CSOs could file a complaint on behalf of a group of people harmed, e.g. by credit scoring systems, but not on behalf of protesters whose civic freedoms have been violated by the use of biometric surveillance in the streets. Furthermore, the EU Act contains exemptions from fundamental rights safeguards for AI systems developed or used for national security. In practical terms, governments could invoke national security to introduce otherwise prohibited systems, such as predictive policing without needed to comply with human rights requirements.

As the European Commission develops guidance on how to implement the Act, it will be crucial for civil society, and particularly marginalised groups, to actively contribute to this process with their expertise and real-life examples. In the next months, we will publish a map of key opportunities where these contributions can be made and work on methods to monitor the application of the Act especially in the security area.

**EU: Digital Services Act (DSA).** The DSA requires very large online platforms, such as Facebook, Instagram, X and TikTok, to assess and mitigate the systemic human rights risks stemming from their services. But ensuring that companies do this well remains a challenge. For example, the DSA does not set harmonised rules for risk assessments and there is still no consensus on what constitutes a high-quality assessment. Without clear expectations towards big tech, these assessments may become merely a formality, rather than a genuine reflection on the platforms' impacts. This is where ECNL stepped in to provide key expertise for both legislators and the industry. Our [policy paper](#) with Access Now outlines concrete expectations of the process and recommendations to the European Commission, which they can use as they develop their guidance for tech companies. This can help ensure that assessments indeed prevent, mitigate, or remedy systemic risks to millions of people across Europe.

**Council of Europe: Framework Convention on AI, Human Rights, Democracy and the Rule of Law.** The Council of Europe is concurrently nearing the conclusion of negotiations regarding the world's first legally binding AI treaty. The anticipated final vote is scheduled for May 2024. Regrettably, civil society was excluded from meaningful engagement in the drafting, and it appears that the Convention falls short of being a benchmark model for other regulatory frameworks to emulate. Its inclusion of numerous caveats and guarded language may impede effective enforcement. Particularly concerning are provisions permitting governments to use intrusive technologies under the guise of national security. ECNL provided expert opinions against these provisions and [mobilised more than 130 signatories](#), including CSOs from the Global South to call for stronger fundamental rights guarantees. Following the Convention's adoption, it will be crucial to raise awareness of CSOs around its provisions and how it may be applied nationally.

**United Nations: Ensuring a human rights-based and inclusive approach to global AI governance.** 2023 was a landmark year for digital governance, marked by the ongoing drafting of the UN Global Digital Compact. This international agreement is poised for adoption in September 2024 during the UN Summit for the Future. The Compact aims to establish principles, objectives, and actions geared towards promoting an open, free, secure, and human-centered digital future." As such, it will have far-reaching global influence. ECNL [provided extensive input](#) to emphasise key issues of human rights, transparency and open engagement with civil society.

**Supporting civil society participation in AI and tech processes: ECNL's Framework for Meaningful Engagement.** Designing AI systems often happens behind closed doors, out of reach for people who are most affected by these products. This means that AI developers and deployers rarely identify the impacts of their systems on fundamental rights. How can they listen to people, especially from marginalised groups? How can they make real changes and make their AI products safer for them? ECNL offered practical solutions to support CSO participation through the co-design of the [Framework for Meaningful Engagement](#), a guide on how to create truly participatory processes when developing AI. To strengthen stakeholder engagement processes, we started piloting the tool with (1) the City of Amsterdam, as a public body developing AI for its citizens and (2) [DISCORD](#), as a private company integrating large language models (LLMs) in child safety content flagging, user education, and moderation. These pilots offer a rare opportunity to test in practice how civic engagement can work when developing AI systems. Our ultimate goal is to ensure that AI systems are developed and used in a way that protects and promotes civic space and human rights.

**Civil society organisations: Empowerment for better AI policies.** Human rights and civic space groups have invaluable expertise about the impact of AI-based systems on different groups of citizens, including vulnerable groups. That's why ECNL supports CSOs to engage in relevant AI regulatory processes. For example, in **Ukraine** we continued to support the [Centre for Democracy and Rule of Law \(CEDEM\)](#)'s work as they created a Guide on AI tools for CSOs.

## Opening civic spaces

Restrictions on civic space can take various forms. Governments use laws to restrict foreign funding, introduce burdensome operational measures or launch smear campaigns to clamp down on CSOs and undermine the influence of their voices. However, despite these systematic assaults on civic space that we see all over the world, determined and resilient activism can still lead to positive change. With our partners ECNL successfully opened avenues for civic action in some countries.

The ongoing investigations and smear campaigns against **Serbian** CSOs have continued to create tension between the government and civil society. However, in 2023, we saw an opening to gradually [restart dialogue](#) and worked with partners to support the design of a new governmental body, the Council for Cooperation and Civil Society Development, which was established in December 2023. We now support the Council to ensure it is an effective mechanism for dialogue.

In **North Macedonia**, with the Association Konekt we work to improve philanthropy laws and create the first crowdfunding platform in the country to promote financial sustainability of the civic sector. ECNL provides support in creating the guidelines and rules on managing cash collections, while keeping an eye on policy developments that may have a chilling effect on such fundraising efforts. As the EU and the Financial Action Task Force (FATF) both have signalled interest in greater regulation of crowdfunding, we flag CSOs' considerations and concerns, so that such initiatives do not create legal uncertainty or result in extreme compliance costs for CSOs that operate crowdfunding platforms.

In **Armenia**, the legal situation around volunteering had been unclear for years. Regulations were scattered across different laws, leading to uncertainty. Would you be sanctioned for using volunteers' unpaid labour? Would the services you provide qualify as entrepreneurial activity, in which volunteering was prohibited? These were just some of the issues that hindered Armenian CSOs from effectively leveraging volunteer support to achieve their mission. Since 2017 ECNL has been working together with Transparency International Anticorruption Center (TIAC) to ensure [a comprehensive legal reform that supports and protects volunteer work](#). Years of work paid off when the new law was adopted in 2023, clarifying legislative gaps: the new law allows organisations to harness the power of volunteer labour and provides essential protections for volunteers. ECNL will keep working with partners to monitor how the law is implemented to ensure volunteering practices remain unhindered in Armenia.

In **Moldova**, financial sustainability is a key challenge for the civic sector, as the majority of CSOs' funding comes from foreign sources and state resources are limited. Watchdog and human rights organisations in particular struggle to raise funds. For many years, ECNL has been working with partners on various reforms so that CSOs can more easily mobilise domestic resources. Part of this work has been to build up organisations' expertise, but also to create a joint platform that can serve as the common voice of CSOs in the field of philanthropy. That is why ECNL provided expertise to support the establishment of the Platform for Promotion of Philanthropy, which was formed in 2019 with 14 members. By 2023, 45 CSOs were part of the initiative. The Platform has been instrumental in securing amendments to a [law that clarifies the legal status of philanthropy and sponsorship](#) in the country. This was a crucial step towards philanthropy becoming a more significant source of funding for the civic sector.

## Challenging counter-terrorism and anti-money laundering overregulation

Governments frequently use measures initially designed to combat terrorism or financial crimes as a means to curtail the civic sector and stifle dissenting voices. Through collaborative coalitions with partners worldwide, we have diligently collected evidence of such restrictions on civic space driven by security measures. We then present this evidence to global and regional bodies, advocating for improved policies.

**Financial Action Task Force (FATF).** 2023 saw a significant victory of our Non-profit organisation (NPO) Coalition on FATE, as the FATF, which leads global action against money laundering and terrorist financing, revised its standards impacting CSOs. This welcome change follows years of sustained and coordinated civil society effort that shed light on how states [misapply](#) FATF standards to unjustly limit civic space. The [revised Recommendation 8](#) underscores that measures have to be “focused, proportionate and risk-based”. CSOs can now use this new language to advocate for a more nuanced approach from banks and governments. To support these efforts, ECNL published a guide on how CSOs can best use the changes in their advocacy and defend themselves against restrictions: it highlights the key focus of the recommendations from a CSO perspective, how and why they must be interpreted with a critical lens, and provides useful paragraphs to quote to authorities, banks and other relevant stakeholders. One of our partners remarked: “... *This guidance on how to leverage the FATF changes in ongoing advocacy is super timely given... And also for the ongoing work we're supporting in India, Philippines, Uganda, Nigeria etc.*”

**United Nations.** Many decisions taken in the name of counter-terrorism by UN bodies, such as the UN Security Council and the UN Office for Counter-Terrorism, remain opaque but have far-reaching potential impact on civic space globally. Progress has been made over the past few years to open this decision-making to greater civil society scrutiny, particularly through strengthening of the **CSO Coalition on Human Rights and Counter-Terrorism**, in which ECNL plays a leading role. The biannual review of the **UN Global Counter-Terrorism Strategy** in 2023 and adoption of new General Assembly resolutions, provided opportunities to consolidate some of this progress made, elevate the voices of civil society partners and further break down barriers to greater genuine civil society participation in the future. Also in 2023, the UN Special Rapporteur on Human Rights and Counterterrorism produced a groundbreaking **Global Study on the Impact of Counter-terrorism measures on Civil Society and Civic Space**. ECNL contributed to this study and has since promoted it not only for its strong recommendations to individual countries and the UN, but also as an example of best practice in meaningful civil society engagement.

## Strengthening civil society resilience against attacks

ECNL provides support to CSOs in the regions or countries where restrictive provisions on civic freedoms are tabled or enforced.

The 2024 Olympic Games law in **France** allows state agencies to use invasive AI video surveillance in securing big events, thus threatening assembly rights. With La Quadrature du Net and Amnesty International France, we [mobilised 38 CSOs to sign an open letter](#) and attracted media coverage of the issue (e.g. Le Monde). Alongside 9 organisations, we also [filed an amicus curiae](#) at the French Constitutional Council, challenging the constitutionality of the law; however, it was found constitutional. We currently monitor how algorithm-driven cameras are procured and are exploring options for further litigation.

We also [strengthen knowledge on EU law](#) for women's rights, environment and anti-corruption organisations in **Bulgaria, Croatia, Portugal, Romania and Slovenia** to respond to legal challenges.

**Foreign influence legislations limiting civic freedoms.** Foreign interference has become a significant concern in Europe and its neighbouring regions, resulting in legislative proposals aimed at addressing this issue. However, some of these proposals have raised concerns about their potential impact on civil society and fundamental rights, such as freedom of expression and association. Such laws would typically introduce requirements for labelling groups as 'foreign agents', which is highly damaging, excessive administrative burdens, foreign funding restrictions, and heavy sanctions for non-compliance for CSOs. In **Republika Srpska** we have seen an alarming trend to limit critical voices through [criminal penalties for defamation](#) and tabling a [draft foreign agent law](#). In addition to providing [legal analysis](#), we worked with partners on a strategy to advocate against these drafts through a communication campaign towards the general public, advocacy workshops and experience sharing from other countries (e.g. Georgia, Hungary). In **Georgia**, we developed [legal arguments](#) to support partners to advocate against the foreign agents bills, which targeted civil society and media funded from abroad. While the drafts [were withdrawn](#) in 2023 following mass demonstrations and widespread criticism, in 2024 they were [reintroduced](#) in the Parliament.

In **Slovakia** we worked with partners on avenues for push back against emerging foreign funding restrictions. **Hungary** adopted a new law to silence critical voices in the name of national sovereignty. We joined CSOs and media to raise concerns, explaining how the law violates fundamental freedoms.

Worryingly, under the **EU Defence of Democracy** package, the European Commission also proposed a directive on foreign country interest representation, as a response to attempts to undermine democracy via covert influence by foreign actors outside the EU. The proposed EU package may have unintended but harmful consequences for CSOs, as already occurred in a variety of countries globally. Laws that seemingly purport to limit the creation or dissemination of foreign interference have in fact a drastic impact on the legitimate activities of civil society actors acting both locally and transnationally. They impact the exercise of fundamental freedoms especially as it may deter CSOs to engage in advocacy activities or collaborate with diverse donors to receive resources by worrying that it would label them as being representatives of foreign interest. The ambiguous definitions in the draft package (e.g., in terms of what represents “interest representation”) poses a risk as it could inadvertently pave the way for other countries to enact similar legislation, potentially with even more severe implications for the sector. In our [joint submission](#) with The Good Lobby and our own [position paper](#) on the issue, we pointed out that the proposed directive is not the correct instrument to pursue the stated goal of transparency. We also [joined a civil society coalition](#) sounding the alarm about how the proposal undermines CSOs’ crucial role without effectively tackling undue interference in democratic processes.

## Monitoring to shape policies

Rapid action and push-back towards restrictions is only possible when civic space changes are monitored and addressed early. They need to be recorded to serve as evidence. At the same time, it is important to recognise when new developments in legislation or changing attitudes contribute to a more enabling environment. That is why monitoring the civil society environment together with our partners is one of our core activities. Despite violent crackdown on independent civil society in Belarus, the Russian invasion of Ukraine and other adversities, our partners in the [Eastern Partnership countries](#) kept up their invaluable monitoring work. Amidst these challenges, the recommendation of EU accession negotiations at the end of 2023 for Ukraine, Moldova, and Georgia, signalled a crucial opportunity for civil society development in the region. The EU has increasingly recognised ECNL’s approach and expertise in this area, using evidence from our CSO Meter reports to inform key documents such as the EU enlargement package, and country-level progress reporting. In 2024, together with 8 CSOs from across Europe, we launch a similar tool to [track developments within the EU member states](#), where a systematic monitoring system to capture the state of play of civic space, and to support the European Commission’s work towards an enabling environment, has so far been lacking.

## Providing guidance in case of relocation

Due to harsh crackdowns on independent civil society or military conflicts, CSOs in many countries continue to operate under unsafe circumstances both for their staff and for their resources. As a result, many activists and human rights defenders need to operate in exile. We continue to provide support.

Together with PILnet and DLA Piper, and with pro bono support received from the team of the JPMorgan Chase Force For Good Programme, we updated the [Global Nonprofits Guide](#). This online tool now comes with new functionalities and resources on how to register and operate CSOs in 50+ jurisdictions. The updated Guide was warmly welcomed by UN Special Rapporteur on Freedom of Association and Assembly, Clement Voule: *“This Guide supports the protection of human right defenders, because it helps them understand the laws and legal environment where they will operate so they know how to navigate, and if necessary, where to relocate.”*

Our ultimate goal was to create a tool that can give activists and CSOs that work in restrictive environments and need to relocate abroad practical answers to complex questions. The website can now be used in multiple ways. Users can review nonprofit laws in a location of their choice; compare nonprofit laws across different locations; and find options for countries in which to set up or relocate their nonprofit operations based on their search criteria. *“I have referred to the [Global Nonprofits Guide](#) on a few occasions and found it and the different tools very useful. Thank you for all of the work you are putting into this, which we and other international charities hugely appreciate.”*

In parallel, we launched a survey on how CSOs use financial services when operating in exile, as part of our broader effort to improve banking conditions for CSOs and to assist CSOs and networks who provide support to defenders at risk.

## Supporting environmental defenders

Environmental defenders are increasingly targeted with violence, harassment, and criminalisation while leading the reforms necessary to protect our planet and tackle the root causes of the climate crisis. We work closely with governments, environmental human rights defenders, CSOs, UN agencies to facilitate a dialogue and design an initiative to increase recognition, participation and protection of environmental defenders by accelerating important efforts happening already and bringing them to the multilateral level. We do this mainly through [organising convenings](#) where the important role of environmental human rights defenders is underlined and where we create an open setting to exchange and discuss practical actions.

## Strengthening participation in the digital age

Could the use of technology create more inclusive mechanisms for people to participate in decision-making processes? Our 2023 [research](#) found some innovative examples where public authorities already use digital platforms or gamification to encourage engagement from women, youth and other often underrepresented groups. For example, a free and open-source online platform launched by the Barcelona City Council has been used by more than 400 municipalities, institutions and organisations around the world.

Through interviews carried out for the research, not only did we build the knowledge base about the intersection of technology and participation, we also established new cooperation and connections with companies, developers, academia, European networks, CSOs and EU institutions.

To raise awareness of these possibilities and convince other decision-makers to use these tools, we organised online convenings, joined by more than 50 organisations from 30 countries. We discussed opportunities for reform, but also how they can [tap into the potential of EU law and participatory tools to protect civic space](#). We also launched a new package on the [ECNL Learning Center](#) that helps CSOs think through the participation platforms currently available in the EU, and how they can most effectively use them for their advocacy initiatives.

Several digital platforms are now experimenting with AI-powered content moderation and using AI for summarising input from online consultations or debates. Citizen platforms increasingly prioritise recommendation algorithms to boost user participation in projects. Going forward, ECNL will focus on how such AI tools can be used to enhance public participation.

## Analysing drivers that impact civic space

ECNL continues to undertake research to better understand the complex and dynamic factors that shape the environment CSOs operate in.

**AI and climate action.** AI has a major influence on climate action and the work of environmental defenders. It offers potential benefits, for example when it is used to enhance high-resolution mapping of deforestation or coral reef loss. On the other hand, it also poses a threat: states and corporations use automated online surveillance to harass environmental defenders and suppress grassroots resistance. This is why ECNL conducted exploratory [research](#) to map the impact of AI on civic space for environmental defenders. We outline recommended actions for international and local bodies and governments, civil society, technological companies and the donor community to ensure that AI applied in the context of climate respects core civic freedoms.

**Civil society's financial access.** CSOs often [face complex challenges](#) when trying to access financial services across the world. This is especially true for CSOs that need to transfer funds across borders, or those that serve communities affected by financial sanctions in or near conflict zones. Banks often close CSOs' accounts without explanation, deny fund transfers, or require extensive documentation for routine transactions. This prevents organisations from carrying out their essential programmes. To find a solution to such problems, banks, regulators and state bodies have to work together and involve CSOs. Through our work with civic groups from across the world, we have captured some [inspiring examples](#) of how this can be done in practice. One of the good practices we quoted is the Dutch bank ABN AMRO setting up a dedicated portal for CSOs, where it offers detailed information on relevant regulations, how banks conduct risk assessments and what measures CSOs might need to put in place to mitigate potential risks. This and similar solutions we shared have been found effective to improve civil society's access to banking services.

## Creating an enabling environment for philanthropy

Philanthropy represents the power of people to create a better world. Donation to CSOs enables them to contribute to this process and address the most pressing challenges of our time. It is not only important for their financial sustainability and diversification of income but also for their protection. In countries where the government is hostile towards human rights groups, cross-border flow of donations is crucial for their existence. Philanthropy has an unexploited potential globally, including in Europe. However, it requires an enabling legal and policy environment to benefit from this.

Therefore, ECNL continued to empower civil society groups through building their capacity, strengthening standards, conducting monitoring and advocating for a more enabling environment for philanthropy. Over the past years ECNL built cutting-edge expertise in the legal and policy environment that affects the fundraising efforts of CSOs. As part of this, ECNL (1) promoted the importance of an enabling environment for philanthropy and developed guidance for state institutions, civil society and other stakeholders- e.g., developed tools such as [Fundraising Principles](#) and [Good Practices in Digital Fundraising](#); (2) developed comparative research on fundraising regulation and self-regulation, including on and emerging issues, such as digital fundraising; (3) strengthened international standards and contributed to global and regional documents- e.g., the thematic reports of the UN Special Rapporteur on Freedom of Association and Assembly, civic space report by the Organisation for Economic Co-operation and Development (OECD); (4) created a monitoring tool and conducted comprehensive assessments of the environment for fundraising at the country level- e.g., in Georgia, Kosovo (ongoing in Moldova); and (5) strengthened the fundraising capacity of CSOs- e.g., by organising trainings in Armenia.

## 4. FINANCIAL OVERVIEW

### Financial position and liquidity

The financial position of ECNL is healthy. The current ratio (current assets divided by total debts) is 240%. 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 € 1.377.209 in 2022 to € 2.018.690 in 2023). This is mainly due to sums received in advance in 2023 for project activities to take place in 2024. The current liquidity position is sustainable.

### Financial result 2023 and allocation

In 2023 ECNL achieved a positive balance of income and expenditure of € 307.034, budgeted was € 49.923 positive.

The income and expenditure balance of € 307.034 is allocated to the continuity reserves (€ 270.301) and the designated reserve (€ 36.733). The balance of the continuity reserve on 31 December 2023 is € 750.973. 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 59% of six months of average operating costs in 2023.

### 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 2024.

In 2023, ECNL advanced to the second phase of its comprehensive review of operations, programming, financing, and other areas. Building on this progress and the findings from 2022, ECNL has identified new priorities to enhance its organizational structure and strategic direction. In 2024, ECNL will begin implementing these priorities through collaboration with staff, the Board, and experts.

Key initiatives include:

- Developing a new organisational strategy in partnership with Board members, staff, and external partners.
- Implementing new organisational policies and reviewing and improving our financial, program, HR, and communication processes, introducing system automations.
- Establishing an advisory body to support ECNL's programmatic growth and positioning.

## BUDGET 2024

€

### Income

Project income	3.098.030
Other	<u>0</u>
Total income	<u>3.098.030</u>

### Expenditure

Personnel and staff related costs	1.709.090
Operation costs	173.931
Housing costs	42.129
Office costs	39.987
General expenses	1.062.896
Depreciation	<u>0</u>
Total expenditure	<u>3.028.033</u>

Balance of income and expenditure before financial income and expenditure	69.997
Financial income and expenditure	0
Extraordinary expenses	<u>0</u>

**Balance of income and expenditure** **69.997**

Allocation of balance from income and expenditure - Continuity reserves	<u>69.997</u>
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Total 69.997

In 2024, the projected organisational income shows an increase compared to 2023. To ensure ECNL can meet its obligations, the total number of employees expected to increase in 2024. The number of permanent employees has been steadily rising each year. These changes indicate an overall expansion in ECNL's workforce, with a shift towards more permanent and fixed-term employees, while a decreasing reliance on supporting consultants.

	<b>Projected in 2024</b>	<b>2023</b>	<b>2022</b>
<b>Number of employees</b>	22	19	18
<b>Permanent employment</b>	10	8	7
<b>Fixed-term employment</b>	12	11	11
<b>Supporting consultants</b>	1	3	3

The Hague, 3 July 2024

**Board**

Ms. Pia Tornikoski (Chairperson)

Mr. John Clark (Treasurer)

Ms. Nelleke Hoffs (Secretary)

**Supervisory Board**

Mr. Emile van der Does de Willebois

Dr. Natasha Gaber-Damjanovska

Ms. Nilda Bullain

## A. Balance sheet as at 31 December 2023

	<u>31-12-2023</u>	<u>31-12-2022</u>
	€	€
<b>ASSETS</b>		
Fixed assets		
- Intangible fixed assets	61.410	0
- Tangible fixed assets	<u>4.663</u>	<u>7.844</u>
Total fixed assets	<u>66.073</u>	<u>7.844</u>
Current assets		
- Receivables	107.174	165.403
- Cash and cash equivalents	<u>2.018.690</u>	<u>1.377.209</u>
Total current assets	<u>2.125.864</u>	<u>1.542.612</u>
<b>Total assets</b>	<b><u>2.191.937</u></b>	<b><u>1.550.456</u></b>
<b>LIABILITIES</b>		
Reserves and funds		
- Continuity reserve	750.973	480.672
- Designated reserve	<u>555.978</u>	<u>519.245</u>
Total reserves and funds	<u>1.306.951</u>	<u>999.917</u>
Short-term liabilities	<u>884.986</u>	<u>550.539</u>
<b>Total liabilities</b>	<b><u>2.191.937</u></b>	<b><u>1.550.456</u></b>

## B. Statement of income and expenditure 2023

	Actual 2023	Budget 2023	Actual 2022
	€	€	€
<u>Income</u>			
Project income	2.882.054	2.358.518	2.462.023
Total income	<u>2.882.054</u>	<u>2.358.518</u>	<u>2.462.023</u>
<u>Expenditure</u>			
Personnel and staff related costs	1.200.030	1.214.094	995.810
Operation costs	86.596	146.100	102.629
Housing costs	33.386	35.000	20.321
Office costs	41.196	42.334	36.509
General expenses	1.193.536	871.067	1.067.653
Depreciation	7.166	0	3.185
Total expenditure	<u>2.561.910</u>	<u>2.308.595</u>	<u>2.226.107</u>
Balance of income and expenditure before financial income and expenditure	320.144	49.923	235.916
Financial income and expenditure	<u>-13.110</u>	<u>0</u>	<u>-53.520</u>
<b>Balance of income and expenditure</b>	<b><u><u>307.034</u></u></b>	<b><u><u>49.923</u></u></b>	<b><u><u>182.396</u></u></b>
Allocation balance of income and expenditure			
- Continuity reserve	270.301	49.923	149.151
- Designated reserve	<u>36.733</u>	<u>0</u>	<u>33.245</u>
Total	<u><u>307.034</u></u>	<u><u>49.923</u></u>	<u><u>182.396</u></u>

## C. Cash flow statement

	2023		2022	
	€	€	€	€
<u>Cash flow from operating activities</u>				
Balance of income and expenditure	307.034		182.396	
Depreciation	<u>7.166</u>		<u>3.185</u>	
		314.200		185.581
Mutations in work capital:				
- Receivables	58.229		108.017	
- Short-term liabilities	<u>334.447</u>		<u>-120.610</u>	
Total mutations in work capital		<u>392.676</u>		<u>-12.593</u>
Total cash flow from operating activities		706.876		172.988
<u>Cash flows used in investing activities</u>				
Purchases	-65.395		0	
Desinvestments	0		0	
Depreciations desinvestments	<u>0</u>		<u>0</u>	
Total cash flows used in investing activities		<u>-65.395</u>		<u>0</u>
<b>Net increase in cash and cash equivalents</b>		<b><u><u>641.481</u></u></b>		<b><u><u>172.988</u></u></b>
Cash and cash equivalents 1 January		1.377.209		1.204.221
Cash and cash equivalents 31 December		<u>2.018.690</u>		<u>1.377.209</u>
Changes in cash and cash equivalents		<u><u>641.481</u></u>		<u><u>172.988</u></u>

### Notes to the cash flow statement

The cash flow statement analyses the changes in cash and cash equivalents between 1 January 2023 and 31 December 2023 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.

### Comparative figures

The accounting policies are consistent with those used in the previous year.

### 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 both applications and 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.

## E. Notes to the balance sheet

	<u>31-12-2023</u>	<u>31-12-2022</u>
	€	€
ASSETS		
<u>Intangible fixed assets</u>		
- Applications		
Net book value per opening balance	0	0
Investments	65.395	0
Minus: depreciations	<u>-3.985</u>	<u>0</u>
Net book value per 31 December	<u><u>61.410</u></u>	<u><u>0</u></u>
Accumulated investments per 31 December	65.395	0
Minus: accumulated depreciations per 31 December	<u>-3.985</u>	<u>0</u>
Net book value per 31 December	<u><u>61.410</u></u>	<u><u>0</u></u>
All investments concern development of the ECNL budget application.		
<u>Tangible fixed assets</u>		
- Equipment		
Net book value per opening balance	7.844	11.029
Investments	0	0
Minus: depreciations	<u>-3.181</u>	<u>-3.185</u>
Net book value per 31 December	<u><u>4.663</u></u>	<u><u>7.844</u></u>
Accumulated investments per 31 December	15.970	15.970
Minus: accumulated depreciations per 31 December	<u>-11.307</u>	<u>-8.126</u>
Net book value per 31 December	<u><u>4.663</u></u>	<u><u>7.844</u></u>

	<u>31-12-2023</u>	<u>31-12-2022</u>
	€	€
<u>Receivables</u>		
Project receivables	54.818	70.465
Debtors	13.133	3.375
Interest	7.267	0
Prepayments	3.039	90.687
Other receivables	<u>28.917</u>	<u>876</u>
Total receivables	<u><u>107.174</u></u>	<u><u>165.403</u></u>

All debtors are considered as collectible.

Cash and cash equivalents

ABN AMRO EUR account	1.413.379	1.101.373
ABN AMRO USD account	<u>605.311</u>	<u>275.836</u>
Total cash and cash equivalents	<u><u>2.018.690</u></u>	<u><u>1.377.209</u></u>

The cash and cash equivalents can be withdrawn upon demand.

LIABILITIES

Continuity reserve

Balance 1 January	480.672	331.521
Allocation balance income and expenditure	<u>270.301</u>	<u>149.151</u>
Balance continuity reserve 31 December	<u><u>750.973</u></u>	<u><u>480.672</u></u>

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

	<u>31-12-2023</u>	<u>31-12-2022</u>
	€	€
<u>Designated reserve</u>		
Balance 1 January	519.245	486.000
Allocation balance of income and expenditure	<u>36.733</u>	<u>33.245</u>
Balance designated reserve 31 December	<u><u>555.978</u></u>	<u><u>519.245</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.

#### Short-term liabilities

Grants received in advance	763.687	444.672
Holiday payment accrual	54.195	33.044
Creditors	44.711	51.311
Audit fee	12.000	12.000
Pension premiums	10.393	0
Accounts payable	<u>0</u>	<u>9.512</u>
Total short-term liabilities	<u><u>884.986</u></u>	<u><u>550.539</u></u>

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

	<u>31-12-2023</u>	<u>31-12-2022</u>
	€	€
- Grants received in advance		
European Union	370.319	60.760
Packard Foundation	189.972	0
National Endowment for Democracy	92.440	0
Sigrid Rausing Trust	48.468	48.696
International Center for Not-for-Profit Law	40.552	29.897
German Embassy	11.145	0
MOTT Foundation	10.791	136.620
Open Society Foundation	0	149.142
OAK Foundation	0	18.687
Association Konekt	0	870
	<hr/>	<hr/>
Total grants received in advance	<u>763.687</u>	<u>444.672</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 MOTT Foundation has granted ECNL \$ 220.000 (€ 199.309) for the period of 1 November 2022 up to 31 October 2024. € 162.895 has been recognised as grant income up to the reporting period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 36.414 will be recognised in the period as it is received from the grantor and expenses are made. € 10.791 has been received in advance for the period up to 31 October 2024.

The Sigrid Rausing Trust has granted ECNL £ 300.000 (€ 345.834) for the period of 1 June 2022 up to 31 May 2025. This is an unrestricted grant. € 184.725 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 € 161.109 will be recognised in the period as it is received from the grantor. € 48.468 has been received in advance for the period up to 31 May 2024.

The European Union has granted ECNL € 163.761 for the period of 1 January 2023 up to 31 December 2025. € 14.471 has been recognised as grant income up to the reporting period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 149.290 will be recognised in the period as it is received from the grantor and expenses are made. € 51.033 has been received in advance for the period up to 31 December 2025.

The European Union has granted ECNL € 104.881 for the period of 1 January 2023 up to 29 February 2024. € 94.837 has been recognised as grant income up to the reporting period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 10.044 will be recognised in the period as it is received from the grantor and expenses are made. € 16.416 has been received in advance for the period up to 20 February, meaning ECNL will have to return an amount of € 6.372 to the EU.

ICNL has granted ECNL \$ 150.767 (€ 136.587) for the period of 15 December 2021 up to 31 October 2024. € 67.510 has been recognised as grant income up to the reporting period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 69.077 will be recognised in the period as it is received from the grantor and expenses are made. € 10.660 has been received in advance for the period up to 31 October 2024.

Association Konekt has granted ECNL \$ 74.897 (€ 67.853) for the period of 1 January 2022 up to 31 December 2025. € 38.785 has been recognised as grant income up to the reporting period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 29.068 will be recognised in the period as it is received from the grantor and expenses are made. € 3.271 is still to be received from the donor.

The National Endowment for Democracy has granted ECNL \$ 220.000 (€ 199.309) for the period of 1 May 2023 up to 31 July 2024. € 21.919 has been recognised as grant income up to the reporting period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 177.390 will be recognised in the period as it is received from the grantor and expenses are made. € 92.440 has been received in advance for the period up to 31 July 2024.

The German Embassy has granted ECNL € 99.268 for the period of 1 March 2023 up to 29 February 2024. € 64.920 has been recognised as grant income up to the reporting period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 34.348 will be recognised in the period as it is received from the grantor and expenses are made. € 11.145 has been received in advance for the period up to 29 February 2024.

Partners Global have granted ECNL \$ 208.084 (€ 188.514) for the period of 23 February 2022 up to 28 February 2023 and another \$ 230.611 (€ 208.922) for the period of 1 July 2023 up to 29 February 2024. € 216.232 has been recognised as grant income up to the reporting period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 181.204 will be recognised in the period as it is received from the grantor and expenses are made. € 51.531 is still to be received from the donor.

ICNL has granted ECNL \$ 136.259 (€ 123.444) for the period of 22 September 2023 up to 31 August 2024. € 19.941 has been recognised as grant income up to the reporting period. The grant income recognised is comparable to the direct grant expenditure. The remaining € 103.503 will be recognised in the period as it is received from the grantor and expenses are made. € 23.351 has been received in advance for the period up to 31 August 2024.

## 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

	Actual 2023	Budget 2023	Actual 2022
	€	€	€
INCOME			
<u>Project income</u>			
Open Society Foundation (OSF)	703.019	289.409	300.275
MOTT Foundation	125.829	128.398	115.232
European Union	539.410	536.357	260.892
Sigrid Rausing Trust	116.550	139.204	138.099
Inspires Project	111.630	116.906	40.616
OAK Foundation	96.576	81.246	109.943
International Center for Not-for-Profit Law	47.607	94.485	154.774
Association Konekt	17.088	34.278	21.697
Ford Foundation	643.685	502.969	778.654
SIDA	102.178	83.524	223.487
Consultancy income	56.420	52.980	56.523
National Endowment for Democracy	114.165	86.683	188.490
Partners Global	142.977	111.540	73.255
German Embassy	64.920	100.539	0
Other project income	0	0	86
Total project income *	<u>2.882.054</u>	<u>2.358.518</u>	<u>2.462.023</u>

\* An overview of the total expenditure per grant is found in 'G. Summary of the grants 2023' (page 29).

From the total income 21% comes from government organisations, 2% comes from businesses and 77% 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.

	Actual 2023	Budget 2023	Actual 2022
	€	€	€
<b>EXPENDITURE</b>			
<u>Personnel and staff related costs</u>			
Salaries	1.020.120		808.415
Social security	133.799	1.214.094	111.054
Pension premiums	92.170		76.341
Health insurance pay out	-46.059	0	0
<b>Total personnel and staff related costs</b>	<b><u>1.200.030</u></b>	<b><u>1.214.094</u></b>	<b><u>995.810</u></b>
<i>FTE (average over the reporting period)</i>	15,10	16,00	13,80
<i>Number of employees (FTE) per December 31st</i>	16,60	15,00	16,60

No remuneration has been awarded to supervisory board members.

#### Operation costs

Website, public relations, marketing expenses	10.857	12.500	27.551
Translation services	7.671	4.600	4.650
Conference and events	68.068	129.000	70.428
<b>Total operation costs</b>	<b><u>86.596</u></b>	<b><u>146.100</u></b>	<b><u>102.629</u></b>

#### Housing costs

Office rent	33.386	35.000	20.321
<b>Total housing costs</b>	<b><u>33.386</u></b>	<b><u>35.000</u></b>	<b><u>20.321</u></b>

#### Office costs

Telecommunication costs	8.569	7.042	5.283
Office supplies	32.558	35.292	31.093
Postage	69	0	133
<b>Total office costs</b>	<b><u>41.196</u></b>	<b><u>42.334</u></b>	<b><u>36.509</u></b>

	Actual 2023	Budget 2023	Actual 2022
	€	€	€
<u>General expenses</u>			
Accounting and fiscal fees	90.125	92.843	61.940
Professional fees other	415.972	225.547	395.814
Sub Grantee ECNL - professional fees	365.144	341.247	383.025
Travel expenses	255.463	181.430	195.818
Insurances	48.979	20.000	31.056
Other general costs	17.853	10.000	0
Total general expenses	<u>1.193.536</u>	<u>871.067</u>	<u>1.067.653</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 higher than budgeted.

#### Depreciation

Depreciation intangible assets	3.985		0
Depreciation tangible assets	<u>3.181</u>		<u>3.185</u>
Total depreciation	<u>7.166</u>	<u>0</u>	<u>3.185</u>

#### Financial income and expenditure

Bank charges	-5.201		-3.448
Interest	20.069		-4.064
Currency exchange rate differences	<u>-27.978</u>		<u>-46.008</u>
Total financial income and expenditure	<u>-13.110</u>	<u>0</u>	<u>-53.520</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 2023

	Balance of liabilities and receivables 31-12-2022	Error recovery	Receivables (Grants to be received) 31-12-2022	Liabilities (Grants received in advance) 31-12-2022	Project expenditure	Grant income recognised	Grant received in cash	Balance of liabilities and receivables	Receivables (Grants to be received) 31-12-2023	Liabilities (Grants received in advance) 31-12-2023
	€	€	€	€	€	€	€	€	€	€
			A	B	C	D	E	A - B + D - E		
Open Society Foundation (OSF)	-149.142	0	0	149.142	368.160	703.019	553.877	0	0	0
MOTT Foundation	-136.620	0	0	136.620	125.829	125.829	0	-10.791	0	10.791
European Union	-60.760	0	0	60.760	471.891	539.410	848.969	-370.319	0	370.319
Sigrid Rausing Trust	-48.696	0	0	48.696	173.785	116.550	116.322	-48.468	0	48.468
Inspires Project	-22.309	0	0	22.309	108.351	111.630	89.321	0	0	0
OAK Foundation	-18.687	0	0	18.687	97.003	96.576	77.873	16	16	0
International Center for Not-for-Profit Law	-7.588	0	0	7.588	48.328	47.607	80.572	-40.553	0	40.552
Association Konekt	-870	0	0	870	17.193	17.088	12.947	3.271	3.271	0
Ford Foundation	0	0	0	0	558.281	643.685	643.685	0	0	0
SIDA	9.605	0	9.605	0	63.713	102.178	111.783	0	0	0
Consultancy income	0	0	0	0	19.687	56.420	56.420	0	0	0
National Endowment for Democracy	19.976	0	19.976	0	115.131	114.165	226.581	-92.440	0	92.440
Partners Global	40.884	0	40.884	0	143.251	142.977	132.330	51.531	51.531	0
German Embassy	0	0	0	0	64.920	64.920	76.065	-11.145	0	11.145
Packard Foundation	0	0	0	0	0	0	189.972	-189.972	0	189.972
<b>Total</b>	<b>-374.207</b>	<b>0</b>	<b>70.465</b>	<b>444.672</b>	<b>2.375.523</b>	<b>2.882.054</b>	<b>3.216.717</b>	<b>-708.870</b>	<b>54.818</b>	<b>763.687</b>

## H. Annual indirect expense rate

Description	As of Dec 31, 2023	% to Total costs of project and operating expenses
	€	%
Total costs of project and operating expenses	2.561.910	
Total ECNL direct expenses	2.364.823	
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.	146.190	6,2%
Board related expenses	5.381	0,2%
Website and Program development	45.516	1,9%
<b>Total ECNL operational expenses in FY 2023</b>	<b>197.087</b>	<b>8,3%</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  
Riviervismarkt 5  
2513 AM The Hague

## **INDEPENDENT AUDITOR'S REPORT**

### **A. Report on the audit of the financial statements 2023 included in the annual report**

#### **Our opinion**

We have audited the financial statements 2023 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 2023, and of its result for 2023 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 2023;
2. the statement of income and expenses 2023;
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 2023.



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 8, 2024

Versluis Accountancy B.V.  
J. Versluis RA