

STICHTING CENTER FOR INTERNATIONAL LEGAL COOPERATION
SPUI 1
2511 BL THE HAGUE

ANNUAL FINANCIAL REPORT 2015

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MANAGEMENT REPORT

INTRODUCTION

The Center for International Legal Cooperation (CILC) is a not-for-profit organisation with a mission to develop and implement capacity building projects supporting the rule of law in developing countries and countries in transition. We bring together international legal experts to devise solutions on a variety of challenges for the development of legal systems. We are based in The Hague and our work currently spans dozens of countries in Central and Eastern Europe, the Middle East, Africa and Asia.

CILC represents the entire legal community of the Netherlands, from which we draw extensive and coherent input of expertise for our projects. We have direct access to professionals in the Dutch judiciary, the Netherlands Ministry of Justice and in law faculties in the Netherlands. The Netherlands holds a prominent position in international legal cooperation. This is underpinned by the high ranking of the Netherlands in international rule of law indexes (ranking 5th in both The World Justice Project and Transparency International in 2015).

As a not-for-profit organisation, CILC combines the management performance and flexibility of the private sector with the full commitment to achieving positive development outcomes. We are credible when bidding for legal reform projects around the world because we do not focus on maximising profits from the project budgets that we manage, making us more adaptable to a wider range of partnership opportunities. We take pride in helping project beneficiaries and stakeholders to really own change. This is because enduring results are at the core of CILC initiatives, not the temporal or financial boundaries of projects. CILC does not receive any kind of core funding.

2014 was marked by the revival of CILC and we can be proud of what we have achieved. This year we have concentrated our efforts on delivering the results we promised in the projects we acquired in 2014. 2015 has therefore been a year focused on combining project implementation and keeping an eye out for new opportunities to ensure CILC's project portfolio is sufficiently filled for the years to come. We are happy to confirm that we have succeeded in achieving both objectives. In 2016 we will continue striving to be an even better mission driven, not-for-profit project organisation and to distinguish ourselves from others in the management and implementation of our projects.

1. COMPOSITION OF THE SUPERVISORY COMMITTEE AND BOARD OF DIRECTORS

The governance structure of the foundation is organised through a supervisory committee and a board of directors. These bodies ensure that the foundation operates within the mandate of the CILC statute. The composition of these bodies are detailed in this chapter.

1.1 SUPERVISORY COMMITTEE

The supervisory committee oversees the policy and management of the board of directors and the general affairs of CILC. In performing their duties, the committee ensures the overall wellbeing of the foundation by supporting the board of directors with advice and guidance. The members of the supervisory committee receive no remuneration for the performance of their duties.

On 31 December 2015, the supervisory committee was formed by the following persons:

- Reinier van Zutphen (Chairperson)

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- Elies van Sliedregt (Vice Chairperson)
- Marianne van Kimmenade (Treasurer)
- Jan Terstegen (on behalf of the Ministry of Security and Justice)
- Winfried van den Muijsenbergh
- Koos Richelle
- Albert de Groot

1.2 BOARD OF DIRECTORS

The statutory documents of the foundation foresee that the board of directors is composed of at least one and at most three members. The current board of directors is formed by Willem van Nieuwkerk (chairman) and Eric Vincken. Together, they also act as the managing board of the foundation. Willem van Nieuwkerk, as the statutory director, is in charge of the day-to-day management of the foundation.

2. FISCAL POSITION

For its projects CILC can be liable to VAT. For these projects CILC enters into consultation with the tax inspector to come to an agreement whether or not CILC is taxable.

3. ACTIVITY REPORT

In 2015, CILC further built on the successful results achieved in the previous year. A renewed and inspiring working environment coinciding with the celebration of three decades of CILC, and combined with clear internal financial management and expedient project implementation arrangements helped us continue to distinguish CILC's position in acquiring and executing projects. 2015 confirms that our success in growing and making the most out of our project portfolio is tied to a combination of our sound management, our knowledge of the legal field and our entrepreneurial spirit, creativity, and cooperative attitude. Within this context, there are two significant milestones that are worth highlighting this year.



The first milestone is the 30th anniversary of CILC, which was celebrated with partners and colleagues who have

supported CILC going back as far as 1985, when the organisation began its work in facilitating international legal cooperation. To mark this achievement, we launched a series of stories told by current and former CILC employees and experts, which are published in a dedicated section [on our website](#). The CILC stories highlight the global reach and local impact CILC has had over the past three decades and they provide insight into our continued effort to promote international legal cooperation and rule of law capacity building. More importantly, they illustrate how CILC combines tradition with innovation, and remains novel and relevant while benefitting from and building on a respectable track record.

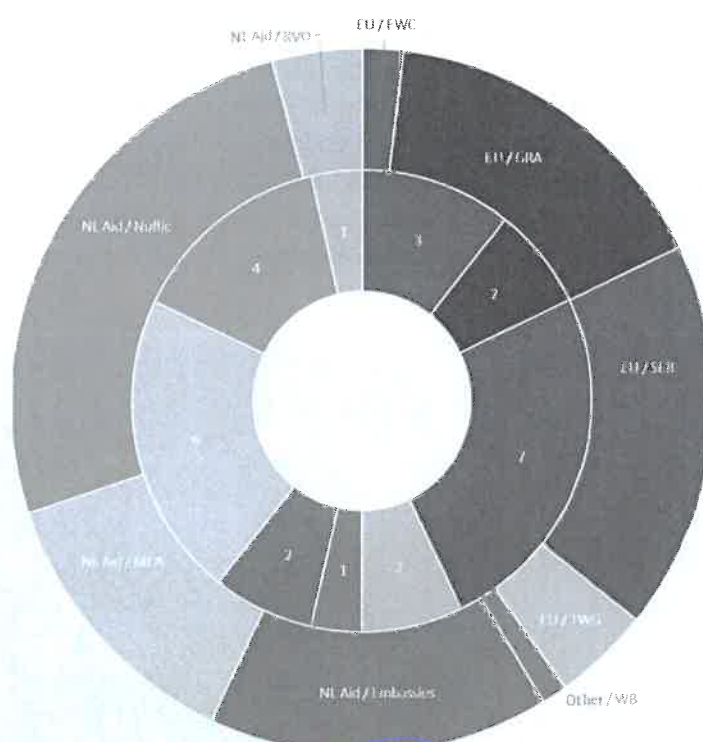
The second milestone of 2015 was CILC's change in address. Moving to the Spui 1 in The Hague has meant that the CILC office is now at the very heart of Dutch decision making and governance. This further reinforces our endeavour to remain well-integrated in the policies and efforts of Dutch legal capacity building and reinforcement of the rule of law worldwide. The change in address has also been accompanied by a change in the way we organise our working environment, with even more emphasis placed on transparency and openness, but also sustainability and efficiency. Over the past year, we at CILC have seen that this approach has led to more and better interaction and cohesion within our team, factors we believe are critical for effective project management.

3.1 PROJECTS PORTFOLIO

By the end of the 2015 fiscal year the project portfolio of CILC contained twenty-eight contracts targeting twenty-nine countries. Thirteen of these projects were financed through Dutch bilateral resources (59% of total CILC portfolio value¹), Thirteen through European Union funds (40% of total portfolio value), and one through the World Bank (1% of portfolio value). The projects funded by the Netherlands fell under the donor programs of the Ministry of Foreign Affairs (MFA), of the Netherlands Embassies, of EP-Nuffic and of the Netherlands Enterprise Agency (RVO). Our EU funded projects also spanned a variety of financing instruments, which includes twinning, international service contracts, framework contracts and grants.

Donor instrument	projects	€ thousand
EU / FWC	3	288
EU / GRA	2	2.476
EU / SER	7	2.751
EU / TWG	2	688
Other / WB	1	180
NL Aid / Embassies	2	2.429
NL Aid / MFA	6	1.990
NL Aid / Nuffic	4	4.008
NL Aid / RVO	1	640
Total	28	15.451

See Figure 1 for table above



Donor	Turnover 2015 €	%
EU	2.090.418,30	59,4%
NL	1.420.105,31	40,4%
World Bank	8.686,00	0,2%
Total	3.519.209,61	

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¹ Portfolio value includes the full value of multi-annual projects, not only their value for the year 2015. The turnover value per donor for 2015 indicates a higher percentage of EU funded projects (59% versus 40% for NL funding).

In the past year, CILC has continued to diversify the countries we work in, the donors we work for, and the role we play in partnerships and consortia, also with a view to maximise our financial and operational viability in the decreasingly stable context of international justice sector development work. New countries added to our portfolio include Burkina Faso and the Gambia. A return to the Caucasus and Central Asia was also marked by a new project in Azerbaijan and a new regional intervention involving Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan. The new project in Azerbaijan is funded by the World Bank, a donor CILC successfully tenders with again after a number of years. We have also remained selective in our partnerships (with a continued preference for sister and like-minded organisations, such as IRZ², CiviPol Conseil, EPLO³, EIPA⁴, FIAPP⁵ and IDLO⁶), and realistic in the choices for leading project consortia (CILC was a consortium leader or applicant in only 9 of 28 projects in 2015).

Eastern Europe (especially the Balkans region) attracted the highest concentration of our project interventions by region (11 of 28 projects). We maintained CILC presence in the Middle East, as well as to some extent in Africa. These trends can be attributed to the EU's focus on the European External Action Service (EEAS) initiative, which aims to strengthen the legal capacities of countries in continental Europe and neighbouring countries, and places a specific focus on projects targeting the Union of the Mediterranean (UfM), covering a geographical scope of North Africa, the Middle East, and the Balkans region.

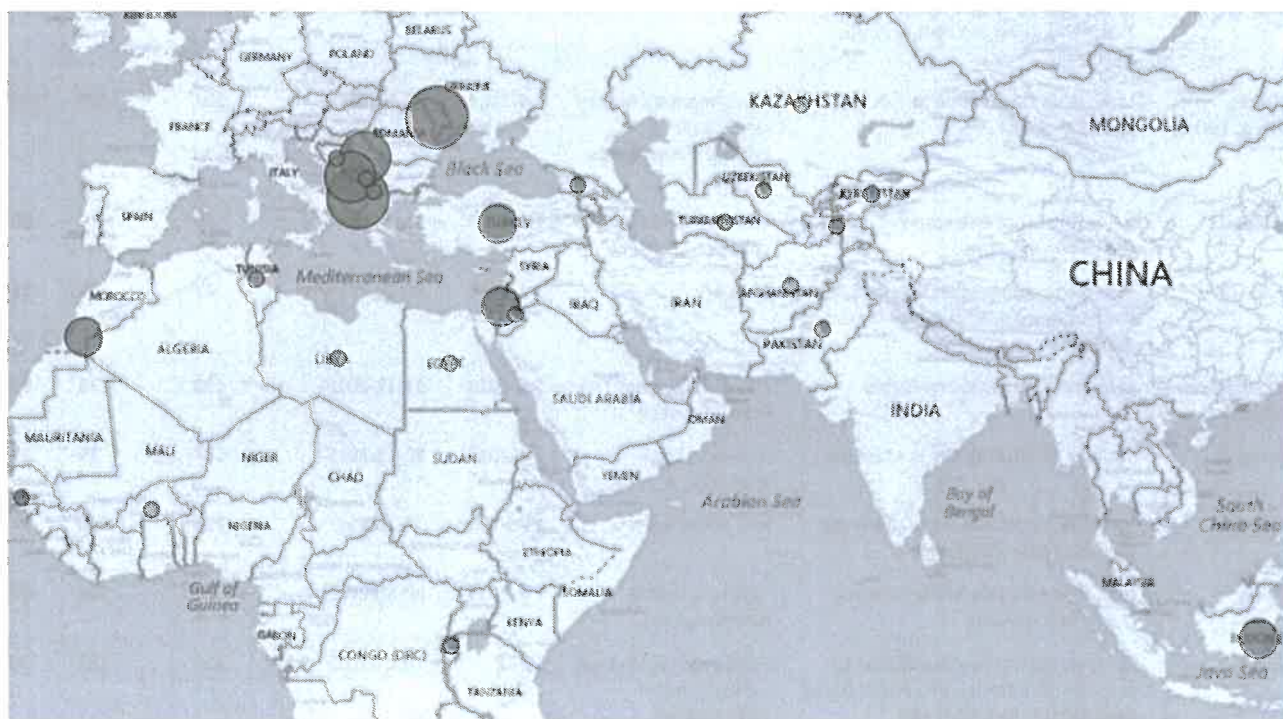


Figure 2 - Geographic distribution of CILC interventions in 2015 (circle size reflects number of interventions targeting a given country)

In terms of partnerships, we continued to utilise our well-established relationship with the Netherlands judicial institutions, such as the Council for the Judiciary, the Supreme Court of the Netherlands, the Dutch Training and Study Centre for the Judiciary, and the Public Prosecution Service. By having such important partners as part of our projects, we were able to facilitate relevant study visits, seminars and conferences, and tailored peer-to-peer learning for beneficiary countries. Furthermore, our successful acquisitions in EC framework tenders have facilitated the renewed cooperation with the law faculties of the

Figure 1 - Distribution of CILC projects and budgets by donor instruments

² IRZ / Deutsche Stiftung für internationale rechtliche Zusammenarbeit

³ EPLO / European Public Law Organisation

⁴ EIPA / European Institute of Public Administration

⁵ FIIAPP / International and Ibero-American Foundation for Administration and Public Policies

⁶ IDLO / International Development Law Organisation

universities in Amsterdam, Utrecht and Leiden. This is a significant development that will influence the work we do in 2016.

The thematic areas of our projects in 2015 focussed on justice system reform and legal education, criminal justice, law enforcement cooperation and capacity building for judiciary institutions, and included also the fields of civil and commercial law and enforcement of civil court decisions, access to justice and legal aid, human rights, detention and probation, legislative drafting, asylum and migration and international judicial cooperation.

3.2 PROJECTS COMPLETED IN 2015

In 2015, CILC successfully completed nine projects with a total budget value of 1.558.321 euro (based on cumulated values of budgets assigned to CILC if we were not the consortium leader/lead implementing organisation). Of these, 30% were Dutch bilateral funds and 70% were EU funds.

Countries	Title	Themes	Start date	End date	Budgeted € thousand	Spent € thousand	% spent
Afghanistan, Pakistan	Identification and Formulation - Study for a project on Fight against Trafficking along the Heroin Route (phase III)	Criminal justice	19-9-2014	31-12-2015	111	84	75%
Albania, Serbia, Turkey	Leadership Programme for Security and Rule of Law	Fundamental / human rights, Law enforcement, Access to justice	1-9-2013	30-11-2015	101	108	107%
Georgia	Development of Enforcement Legislation in Georgia	Enforcement, Civil and commercial justice	1-8-2013	31-7-2015	19	19	100%
Moldova	Support to cooperation between CSM and the Netherlands Council for the Judiciary	Judiciary	1-1-2015	31-12-2015	47	39	83%
Montenegro, Serbia	Luris in Montenegro and Serbia	Law enforcement, Criminal justice	1-9-2013	31-12-2015	180	178	99%
Morocco	Training of the Judiciary in Morocco	Judiciary, Legal education	1-6-2014	30-11-2015	147	39	27%
Palestine	Technical Assistance Programme for the Palestinian Civil Police	Law enforcement	15-3-2013	14-7-2015	224	206	92%
Turkey	Improved Relations between Mass Media and Judiciary	Judiciary, Justice system reform	7-5-2013	30-10-2015	572	360	63%
World	Study on Operational Guidelines to ensure incorporation of a Rights Based Approach in the design and implementation of security-related actions	Fundamental / human rights, Criminal justice, Other	15-12-2014	30-11-2015	157	142	90%

Besides the project in Morocco, no major unplanned obstruction or termination of projects took place in this timeframe and the above figures show that on average (and above average for most) CILC projects achieved a higher realisation of the project budgets than the years before. This is a very positive development and confirms the progress we made in managing our projects.

3.3 PROJECTS ACQUIRED IN 2015

In 2015, CILC acquired eleven new projects through successful competitive tendering, for a total of 3.317.852 euro expected gross turnover. This sets our 2015 acquisition success rate at 69%. Out of the total of eleven projects awarded to CILC, three were as a consortium leader and eight as a consortium partner. Three of these eleven projects are funded by the Netherlands through EP-Nuffic, seven by various instruments of the European Commission (three twinnings,

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three service contracts and one framework agreement), and one by the World Bank.

Against this background it should be noted that the 2015 annual overview of twinning results of the Netherlands across all sectors shows that out of 23 projects awarded, nine were in the area of justice and home affairs (with CILC accounting for three of them). The high success rate of the Netherlands in this thematic area shows the country's well-established expertise, knowledge and ability in aiding accession countries to strengthen their institutional capacities. As 'peer-to-peer' type of capacity building interventions, these twinings are especially illustrative of CILC's privileged position in providing highly relevant expertise to project beneficiaries, as well as of the sound reputation CILC has among both Dutch and accession countries' justice sector institutions. Our reputation is further strengthened by the fact that since 2015 CILC ranks among the top ten most successful Dutch consultancies and non-profit organisations tendering for DG EuropeAid international service contracts.

In addition, CILC participated in three consortia successfully competing for selection in framework agreements with two directorates general of the European Commission and one with the legal service of the European Parliament. These framework agreements mean that in the coming three to four years, CILC is preselected to bid through a simplified procedure for assignments that each have a value of up to 300.000 euro. What is significant about these new framework contracts is that their geographical scope is within the European Union, meaning that assignments for these contracts will deal primarily with internal EU policies and regulations. This is a new area of interest for CILC and demonstrates our diversifying project portfolio. Furthermore, these contracts also mark our renewed cooperation with law faculties of Dutch universities, on whose pools of expertise CILC will rely on when competing for individual framework assignments.

These results demonstrate that, compared to other Dutch public and private organisations, CILC is doing relatively well for a small, single sector organisation. Our focused approach in deepening our area of expertise has allowed us to become a preferred, reliable, and efficient partner in project consortiums across Europe. The direct access we have to a vast array of legal experts and academics in the Netherlands further supports our added-value in project consortia.

3.4 FINANCIAL MANAGEMENT

CILC's financial management cycle begins with an annual budget estimate and ends with an annual financial report. The controller gives a monthly account of the financial status with real information on the fiscal balance, the profit and loss account, cash flow and the liquidity position. Each month we also have an overview of the financial status of each project. On a quarterly basis, the CILC director and controller discuss the financial and overall status of each project with the different project teams. These management tools ensure that we at CILC have permanent access to clear and up-to-date financial data of each individual project in order to:

1. Assess the financial situation in all ongoing projects;
2. Find new pathways when a project appears to be less financially viable and to prevent financial risks for CILC;
3. Adjust on time when the intended project outcomes cannot be met;
4. Analyse afterwards the final project results and determine where the eventual realisations differ from the initial budget (also aiming for more reliable and realistic cost estimates in the future).

In each calendar month of 2015, the controller provided an update on the financial report to the board of directors. This year we aimed at maximum realisation of the project budgets and this meant that by the end of the fiscal year the implementation volume was higher than we had planned; 3.519.210 euro instead of 3.427.464 euro. This joint effort is an important reason as to why for the first time in several years, we have achieved our annual turnover target solely through reimbursement of project funds that incurred a small positive result.

3.5 OPERATIONS

In December 2015 CILC employed ten people in The Hague totalling 8.2 FTE compared to 10.4 FTE in 2014 (see figure 3

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below).

We did not make use of interim staff in 2015. However, we do have individuals in a number of countries who are contracted for a longer period of time and are therefore capable of representing CILC on demand. In such instances, these individuals act as the local project coordinator or the resident team leader for assigned CILC projects.

In 2015, we had no major new investments or changes to our ICT system. We continued using a Multivers software package for our internal accounting system and FileLinx, our new system for DMS, CRM, HRM and internal workflow management, became operational, which has enabled us to achieve a fully automatic workflow for financial management, including payments and reporting. Furthermore, since April 2015 CILC has been operating almost fully paperless and therefore in a more environmentally friendly, sustainable and efficient working environment.

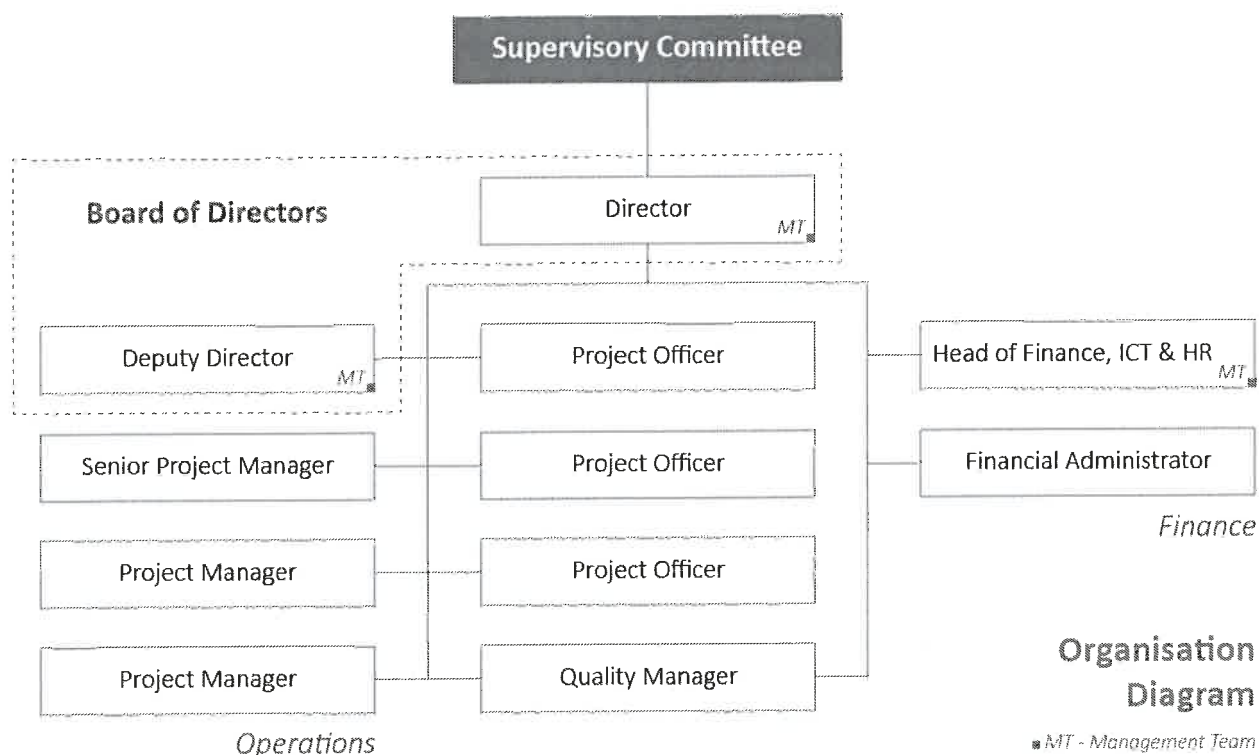


Figure 3 CILC organisation chart in 2015

We continued improving our new website which became operational in 2014. Specifically, we have continued our efforts to comply with the principles of 'openaid' in ensuring maximum transparency on the work we do and how we utilise public funds. In line with this aim, the website continues to contain detailed information about our projects, our donors and our partners.

Internal quality management at CILC has continually improved in 2015, with the team in The Hague now fully acquainted and confident in using standard CILC acquisition and reporting procedures and templates, which have been developed on the basis of donor models and the experience of both CILC and similar organisations. The open and collaborative working environment of the new CILC premises has also led to an increase in the mutual support and review of products and outputs among colleagues, with more attention to detail, as well as consistency and relevance checks built into our project work and our experts' performance. In 2016, we will focus on further reinforcing the operational standards of CILC through the continued improvement of our monitoring and evaluation system and with the introduction of automated human resources management processes and templates.

4. RESULTS

CILC is a mission driven not-for-profit foundation. In order to maximise the outcomes and impact of our projects, we

aim to arrange our work in the most cost-effective and efficient way. Our project teams operate on a cost conscious basis and our projects are managed in such a way so as to ensure cost recovery at minimum. CILC aims for a 10% return on net project volume (the contract sum minus direct project costs). Ideally, we also aim to implement projects through which we can generate a slightly higher margin to make the necessary investments for the further professionalization of CILC.

For the fourth year in a row, CILC closed the financial year with a positive net result of 13.458 euro (2014: 4.406 euro). The subsidy benefits from ongoing projects equated to 3.519.210 euro (2014: 2.624.088 euro), which is an increase of 34% compared to last year. The underlying project costs related to the subsidy benefits is 2.530.503 euro (2014: 1.629.322 euro), which is an increase of 55%. The total salary costs of 742.652 euro meant a decrease of 6% in comparison with 786.745 euro in 2014. This is attributed to the termination of a temporary employment contract.

5. FINANCIAL RESERVES

CILC has succeeded in creating capital that is substantial enough to sustain the operational capacity of the organisation in case of a sudden drop in project activities. At the end of the 2015 fiscal year, CILC's equity is of a size that the obligations towards our personnel can be funded for a period between six and twelve months. If this reserve exceeds the established standard, the board of directors can formulate an alternative approach by utilising the disposable portion of the continuity reserve. At the end of the 2015 fiscal year, the continuity reserve is set at 674.727 euro (2014: 661.268 euro). The continuity reserve is within the minimum requirement of 371.326 euro (50% of the personnel expense in 2015: 742.652 euros).

For the financial stability of the organisation, we consider it essential to continue efforts to ensure further efficiency in the implementation and monitoring of our projects and internal processes. In addition to the salary costs of personnel listed above, the reserve should be sufficient enough to be able to meet a number of other financial obligations in the face of unexpected events that could threaten the existence of CILC. Through regular risk analyses within our projects and our financial situation as a whole we ensure that we are adequately prepared for risks that can arise in project organisations such as CILC.

6. RISK ANALYSES

In the past year, we continued strengthening the internal organisation and efficiency to better prevent and manage risks. However, a project organisation can always be confronted with unexpected situations that may jeopardise the financial and economic situation of the organisation. Fortunately, no major unforeseen situations occurred this year and it seems that our internal risk analysis capacity and risk policy is working. We seem to be aware of the risks that we may face and know what preventative measures should be taken in order to control the impact of such risks.

The most important risk a project organisation like CILC can be confronted with is the unexpected suspension or termination of tender procedures or more importantly, projects under implementation. By spreading the number of donors, donor instruments and target countries, CILC has successfully deployed a strategy that emphasises less dependence on one funding source. Secondly, the choice of stable partnerships with organisations who share a similar vision and mission is also motivated by the need to limit risks.

7. PROSPECTS FOR 2016

In 2015 we focused on delivering on the projects we successfully acquired in the previous years. This meant that we sustained our project portfolio size to deliver optimum results. Next year, the emphasis will be placed on further

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strengthening CILC's capacity to professionally implement projects and remain a results oriented organisation. We continue to strive making our donors and beneficiaries proud of the projects we implement. Therefore, we will continue to seek an optimal balance between our own input and the use of external experts for our projects.

7.1 STRATEGIC ALLIANCES

International cooperation projects emphasise competition among providers of expertise in developed countries. This means that a large number of international consultancies, who have accumulated the project management experience, technical expertise pool and track record in various intervention sectors and countries/regions over the years, have a significant advantage when competing for new projects. The downfall of this is that as for-profit organisations, they can have a negative influence on the quality, impact and sustainability of specific interventions. Consequently, CILC seeks partnerships with organisations who have a similar mission and not-for-profit status and are deeply rooted in the justice sectors of their own countries. In doing so, CILC and our partners can boost our competitive advantage as a specialised, not-for-profit consortia and maximise our responsibility and control over the quality and impact of interventions in the justice sector and the consolidation of the rule of law in partner countries.

Consequently, our approach to tenders and calls for proposals in 2015 remained unchanged. For each tender or call we gave priority to teaming up with partners with a similar mission and vision. In the Netherlands this meant that we mostly entered into partnerships with (judicial) public institutions, such as the Training and Study Centre for the Judiciary, the Council for the Judiciary, the Academy for Government Lawyers, the Board of Prosecutors General, and the Ministry of Security and Justice. In Europe, we continued our partnerships with likeminded organisations. These mission-driven partnerships ensure that we are able to focus on delivering worthwhile and sustainable change to beneficiary countries.

7.2 EXPECTED RESULTS 2016

The annual budget of CILC is based on the real value of acquired projects and a projection of the acquisition of new projects. A robust CILC budget equates approximately to an annual turnover of 3.5 million euro, of which 1 million euro is required for the continued employment of CILC staff. Next year, we will strive to obtain a larger profit margin in order to maintain the current level of CILC's financial reserve. In the first quarter of 2016, 5.1 million euro is secured for project budgets. This equates to a turnover of 3.6 million euro which is budgeted for the full financial year of 2016.

In concluding this report, we can safely say that it has been a fruitful year for us at CILC, both in terms of celebrating the 30 years of dedication and enthusiasm which has made CILC a distinguished project management organisation in the legal sector, and by moving offices, which has allowed us to be at the very heart of the Dutch government and judicial decision making. In 2016, we will continue striving to develop ourselves and our organisation. The various projects and consortia we are a part of will provide ample opportunity to strengthen our partnerships with the legal institutions and law schools in the Netherlands whilst also sustaining our unique relationship with Dutch and international legal practitioners. The combination of these factors will ensure that we will continue providing tailor-made solutions to strengthen the rule of law across beneficiary countries.

Signed, The Hague 13 May 2016

Willem van Nieuwkerk
Director

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Eric Vincken
Deputy Director

BUDGET

	2016	2015
	€	€
<u>Gross margin</u>		
Subsidy benefits	3.620.194	3.427.464
Subsidy expenditures	2.506.847	2.405.581
Total gross margin	1.113.347	1.021.883
<u>Operating costs</u>		
Wages and salaries	619.319	567.487
Social security costs	179.350	164.340
Depreciation costs	21.244	16.034
Other revaluations of tangible fixed assets	0	0
Other operating costs	236.632	230.767
Total operating costs	1.056.545	978.628
Net operating result	23.218	43.254
Other operating income	0	0
Financial receipts and expenditures	8.000	10.000
Result of ordinary business operations	31.218	53.254
Extraordinary profits and losses	0	0
Result before profit appropriation	31.218	53.254

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1. BALANCE

	31-12-2015	31-12-2014
	€	€
<u>Fixed assets</u>		
Tangible fixed assets	53.059	22.509
Intangible fixed assets	7.484	0
	<u>60.543</u>	<u>22.509</u>
 <u>Current assets</u>		
Stock	2.592	0
Receivables	1.031.568	255.110
Cash	1.614.546	1.838.597
Total current assets	<u>2.648.706</u>	<u>2.093.707</u>
Total assets	<u>2.709.249</u>	<u>2.116.216</u>
 <u>Capital and reserves</u>		
<i>Disposable capital</i>		
Going concern reserve	<u>674.727</u>	<u>661.268</u>
 <u>Liabilities</u>		
Current liabilities	<u>2.034.523</u>	<u>1.454.948</u>
Total liabilities	<u>2.709.249</u>	<u>2.116.216</u>

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2. STATEMENT OF REVENUES AND EXPENDITURES

	realization 2015 €	budget 2015 €	realization 2014 €
<u>Gross margin</u>			
Subsidy benefits	3.519.210	3.427.464	2.624.088
Subsidy expenditures	2.530.503	2.405.581	1.629.322
Total gross margin	988.707	1.021.883	994.766
<u>Operating costs</u>			
Wages and salaries	586.316	567.487	604.615
Social security costs	156.337	164.340	182.130
Depreciation costs	17.765	16.034	4.746
Other revaluations of tangible fixed assets	-1.721	0	0
Other operating costs	244.922	230.767	261.452
Total operating costs	1.003.619	978.628	1.052.943
Net operating result	-14.912	43.254	-58.177
Other operating income	13.185	0	48.756
Financial receipts and expenditures	15.185	10.000	13.827
Result of ordinary business operations	13.458	53.254	4.406
Extraordinary profits and losses	0	0	0
Result before profit appropriation	13.458	53.254	4.406
<u>Profit appropriation</u>			
Allocation/withdrawal going concern reserve	13.458	53.254	11.215
Allocation/withdrawal general reserve	0	0	-6.809
	13.458	53.254	4.406

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53.254 Identified doeleinden;

3. CASH FLOW OVERVIEW

The cash flow overview has been set up using the indirect method. Cash flows in foreign currencies are converted to euro on the basis of the currency exchange rates used on the balance date. The cash flow statement provides details about the funds that became available during the fiscal year and about the use of those funds in the same year. The cash balance is mutated during the year from € 1.838.597 (31-12-2014) to € 1.614.546 (31-12-2015)

	31-12-2015		31-12-2014	
	€	€	€	€
<u>Operating cash flow</u>				
Result	13.458		4.406	
Depreciations	16.044		4.746	
		29.502		9.152
Changes in working capital:				
- Receivables	-779.051		283.760	
- Provisions	-325.975		-183.678	
- Current liabilities	901.144		592.554	
Total mutations		-203.881		692.636
Total operating cash flow		-174.379		701.788
<u>Investment cash flow</u>				
Capital expenditure in fixed assets		-49.672		-18.380
Net cash flow		-224.051		683.408
Status per 1 January		1.838.597		1.155.189
Status per 31 December		1.614.546		1.838.597
Mutation cash		-224.051		683.408

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4. GENERAL EXPLANATORY NOTES

Principles of the valuation of assets, liabilities and determination of results

General

The financial statements have been prepared in accordance with Directive 640 for Annual Reporting for not-for-profit organisations. The accounting principles used for the valuation of assets and liabilities and the results are based on historical costs. Unless stated otherwise, assets and liabilities are presented at face value minus a provision for bad debts. Project benefits and costs are allocated to the period to which they relate.

Principles for conversion of foreign currency items

Receivables and payables resulting from transactions at the end of the year are converted using the closing rate. The foreign currency transactions settled during the reporting period are processed at the exchange rate prevailing at that time. Exchange differences are credited or charged to the income statement under financial income and expenses for the determined period on the balance sheet.

Valuation of tangible and intangible fixed assets

Valuation is based on the purchase price minus straight-line depreciation. Depreciation is based on the estimated economic life and calculated on the purchase price. In the year of purchase amortising is done pro rata.

The depreciation rates include renovations 10%, inventory 20%, for computer equipment and other hardware 33.1/3% and for computer software 33.1/3%.

Valuation of projects

The subsidies that are still to be spent are valued to the extent that no compensation is received, against the directly attributable costs plus a surcharge for indirect costs and net of a provision for expected losses. If a result can reliably be determined for a yet incomplete project before the balance date, the result is recorded in proportion to progress. If that is not possible, the results are taken at completion.

Reimbursements of projects

The fee for projects concerns the fair value of the costs spent on projects during the fiscal year.

If more compensation for a project is received, then costs are paid, the surplus is justified under amounts received under amounts received in advance.

Net results of projects

The result on projects is proportionally determined in accordance with the percentage of completion method, taking into account the precautionary principle.

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Operating costs

The costs of outsourced work and other external costs and also direct wages and social charges are allocated to the projects. In addition, the indirect costs to the project are allocated through an allocation formula based on the direct hours incurred.

Interest income and expenses

The interest income and expenses concern the interest received from or paid to third parties, related to the reporting period.

Financial instruments

Financial instruments include trade and other receivables, cash, trade and other payables. Financial instruments are accounted at initial recognition at fair value. After initial recognition, the financial instruments are measured at amortized costs using the effective interest method. If there is no premium or discount or transaction costs the amortized cost price is equal to the nominal value. The fair value is determined as the present value of future cash flows.

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5. BALANCE EXPLANATORY NOTES

	31-12-2015	31-12-2014
	€	€
<u>Fixed assets</u>		
Book value per 1 January	22.509	8.875
Mutations:		
Investments	55.887	18.380
Disinvestments	-1.809	0
Result	1.721	0
Depreciations	-17.765	-4.746
Book value per 31 December	60.543	22.509
Status per 31 December:		
Cumulative purchase prices	79.013	86.638
Cumulative depreciations	-18.470	-64.129
Book values per 31 December	60.543	22.509
<u>Receivables</u>		
Stock	2.592	0
Accounts receivables	718.878	-73.144
Staff receivables	2.095	2.973
Third party receivables	264.740	296.226
Claimable VAT	22.549	4.210
Transitory assets	23.306	24.845
Total receivables	1.034.160	255.111

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	31-12-2015	31-12-2014
	€	€
<u>Cash</u>		
Current account		
ABN AMRO Bank – current account	149.222	10.227
	<u>149.222</u>	<u>10.227</u>
Savings account		
ABN AMRO Bank – management savings account	0	5.672
ABN AMRO Bank – direct quarterly savings account	455.275	806.000
ABN AMRO Bank – equity savings account	1.000.000	1.003.414
ABN AMRO Bank – high yield deposit	0	0
	<u>1.455.275</u>	<u>1.815.086</u>
Accounts in foreign currency		
ABN AMRO Bank current account in USD	8.849	8.002
	<u>8.849</u>	<u>8.002</u>
Petty cash		
Petty cash Euro	652	4.088
Petty cash USD	0	112
Petty cash non-marketable currencies	548	1.082
	<u>1.200</u>	<u>5.282</u>
Total Cash	<u>1.614.546</u>	<u>1.838.597</u>

The liquid funds are repayable on demand. The interest rate on savings accounts is variable.

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	31-12-2015	31-12-2014
	€	€
<u>Capital</u>		
Status per 1 January	661.268	656.862
Mutations book year	13.458	4.406
Status per 31 December	674.727	661.268
<u>Liabilities</u>		
<u>Current liabilities</u>		
Still to spend subsidies/deferred income	1.710.207	1.151.215
Other debts	324.316	303.733
Total current liabilities	2.034.523	1.454.948
<u>Still to spend subsidies/advance payments</u>		
Still to spend subsidies as per 31 December	4.811.755	10.581.065
Deduction: provision of work in progress as per 31 December	-137.313	-325.975
Total	4.674.442	10.255.090
Deduction: amounts received in advance	-6.384.649	-11.406.305
Total still to spend subsidies/advance payments	-1.710.207	-1.151.215

The still to-be-spent subsidies and amounts received in advance are a reflection of the cumulative costs c.q. allowances of the ongoing projects at the end of 2016.

Other debts

Creditors	175.457	116.281
Holidays	21.632	20.089
To pay holiday allowances	22.171	23.258
Taxes and social security contributions	43.178	50.629
Debts regarding pensions	8.866	12.090
Other debts	8.839	-4.578
Accrued liabilities	44.173	85.964
Total other debts	324.316	303.733

6. OFF-BALANCE SHEET LIABILITIES

Rental agreement

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CILC rents the office building at Spui 1, 2511 BL, the Hague, the Netherlands. For this purpose a rental agreement is signed for the period May 1, 2015 to April 30, 2025, with an option to extend the contract twice for a period of up to 5 years. The total rental obligation for the year is equal to 35.980 euro and is indexed annually on April, 1. The rental agreement may be terminated at the end of the rental period with a notice period of six months. For this rental agreement a bank guarantee was issued of 12.827 euro.

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7. REVENUES AND EXPENDITURES EXPLANATORY NOTES

	Realization 2015 €	Budget 2015 €	Realization 2014 €
<u>Revenues</u>			
<u>Subsidy benefits</u>			
Western Balkan	1.266.567		698.135
CIS states including Caucasus	661.566		107.636
Maghreb/Mashreq	460.836		314.355
Africa	91.749		937.086
Asia	669.857		192.839
Worldwide	127.659		82.151
Fragile states	240.976		291.886
Total subsidy benefits	3.519.210	3.427.464	2.624.088
<u>Subsidy expenditures</u>			
Subcontracting costs	1.914.038	1.281.320	838.349
Material costs	61.120	349.451	169.721
Costs direct wages	825.696	978.628	767.078
Other direct costs	501.455	698.902	448.429
Subtotal direct costs	3.302.309	3.308.301	2.223.577
Coverage direct wages	-825.696	-978.630	-767.078
Provisions	57.223	65.908	152.725
Result completed projects	-3.333	10.000	20.098
Subtotal other project costs	-771.806	-902.722	-594.255
Total subsidy expenditures	2.530.503	2.405.579	1.629.322

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	Realization 2015 €	Budget 2015 €	Realization 2014 €
<u>Expenditures</u>			
<u>Personnel costs</u>			
Salaries	496.005	485.181	510.903
Holiday allowance/year-end bonus/gratifications	90.311	82.306	93.712
Subtotal salaries	586.316	567.487	604.615
Social security and pensions	156.337	164.340	182.130
Subtotal wages and salaries	742.653	731.827	786.745
Temporary employees	37.000	42.000	80.375
Other personnel costs	53.449	46.488	57.246
Subtotal other personnel costs	90.449	88.488	137.621
Total personnel costs	833.102	820.315	924.366
FTE's	9,8	10,7	10,4

There are no salaries, loans, advances or guarantees paid or given to supervisors of CILC. The board of directors of CILC received a remuneration of € 169.923 gross salary by virtue of their employment with CILC. Besides this remuneration there are no loans, advances or guarantees paid or given to them.

	Realization 2015 €	Budget 2015 €	Realization 2014 €
<u>Other operating expenses</u>			
Temporary employees	37.000	42.000	80.375
Other personnel costs	53.449	46.488	57.246
Accommodation costs	50.906	51.080	57.478
Travel and subsistence costs	1.986	750	700
Selling costs	40.956	29.100	24.872
Other operating expenses	60.625	61.350	40.781
Total other operating expenses	244.922	230.768	261.452

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	Realization 2015 €	Budget 2015 €	Realization 2014 €
<u>Other operating expenses</u>			
Temporary employees	37.000	42.000	80.375
<i>Other personnel costs</i>			
Various fees	13.070	16.588	13.780
Study	22.207	10.000	5.154
Insurance	14.526	16.550	10.782
Reorganization costs	0	0	5.142
Changes in reservation leave	1.543	0	-2.399
Other personnel costs	2.103	3.350	24.787
Subtotal other personnel costs	53.449	46.488	57.246
In 2015 personnel of CILC received a security training which was not budgeted in 2015.			
<i>Accommodation costs</i>			
Fixed costs	48.200	49.566	57.465
Incidental costs	2.706	1.514	13
Subtotal accommodation costs	50.906	51.080	57.478
Incidental travel and subsistence costs	1.986	750	700
<i>Selling costs</i>			
Marketing costs	1.126	6.600	8.035
Selling costs	7.773	7.000	3.561
Acquisition costs	32.057	15.500	13.276
Subtotal selling costs	40.956	29.100	24.872

Due to the usage of external proposal writers and fact finding missions the budget for acquisition costs is overspend.

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	Realization 2015 €	Budget 2015 €	Realization 2014 €
<i>Other operating expenses</i>			
Office costs	25.092	22.750	17.016
Insurance costs	4.260	6.000	4.130
Consultancy costs	16.500	22.500	17.734
Financial costs	715	850	-4.083
Communication costs	12.607	5.400	4.896
Other general operating expenses	1.452	3.850	1.088
Subtotal other operating expenses	60.626	61.350	40.781
Total other operating expenses	244.922	230.768	261.452

8. OTHER INFORMATION

Appropriation of results

The statutes do not contain special provisions concerning the appropriation of the result. The CILC supervisory committee has adopted the appropriation of the result, as reported in the statement of income and expenses.

Events after the balance date

None.

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INDEPENDENT AUDITOR'S REPORT

To: the Board of Stichting Center for International Legal Cooperation,
the Hague, Netherlands

We have audited the accompanying financial statements 2015 Stichting Center for International Legal Cooperation (CILC), the Hague, Netherlands, which comprise the balance sheet as at 31 December 2015, the statement of income and expenses for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Board's responsibility

Board is responsible for the preparation and fair presentation of the financial statements and for the preparation of the directors' report, both in accordance with the Guidelines for annual reporting of the Dutch Accounting Standards Board, especially Guideline 640 'Organizations not for profit'. Furthermore the board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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 organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by board, as well as evaluating the overall presentation of the financial statements.

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

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KvK nummer 34374865



Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Stichting Center for International Legal Cooperation (CILC) as at 31 December 2015 and of its result for the year then ended in accordance with the Guidelines for annual reporting of the Dutch Accounting Standards Board, especially Guideline 640 'Organizations not for profit'.

Amsterdam, 13 June 2016

Dubois & Co. Registeraccountants

Signed on original by:
A.P. Buteijn RA



CONTROLEVERKLARING VAN DE ONAFHANKELIJKE ACCOUNTANT

Aan: het bestuur van Stichting Center for International Legal Cooperation te Den Haag.

Wij hebben de in dit rapport opgenomen jaarrekening 2015 van Stichting Center for International Legal Cooperation te Den Haag gecontroleerd. Deze jaarrekening bestaat uit de balans per 31 december 2015 en de staat van baten en lasten over 2015 met de toelichting, waarin zijn opgenomen een overzicht van de gehanteerde grondslagen voor financiële verslaggeving en andere toelichtingen.

Verantwoordelijkheid van het bestuur

Het bestuur van de stichting is verantwoordelijk voor het opmaken van de jaarrekening die het vermogen en het resultaat getrouw dient weer te geven, alsmede voor het opstellen van het bestuursverslag, beide in overeenstemming met de Richtlijnen voor de jaarverslaggeving, in het bijzonder Richtlijn 640 "Organisaties zonder winststreven". Het bestuur is tevens verantwoordelijk voor een zodanige interne beheersing als het noodzakelijk acht om het opmaken van de jaarrekening mogelijk te maken zonder afwijkingen van materieel belang als gevolg van fraude of fouten.

Verantwoordelijkheid van de accountant

Onze verantwoordelijkheid is het geven van een oordeel over de jaarrekening op basis van onze controle. Wij hebben onze controle verricht in overeenstemming met Nederlands recht, waaronder de Nederlandse controlestandaarden. Dit vereist dat wij voldoen aan de voor ons geldende ethische voorschriften en dat wij onze controle zodanig plannen en uitvoeren dat een redelijke mate van zekerheid wordt verkregen dat de jaarrekening geen afwijkingen van materieel belang bevat.

Een controle omvat het uitvoeren van werkzaamheden ter verkrijging van controle-informatie over de bedragen en de toelichtingen in de jaarrekening. De geselecteerde werkzaamheden zijn afhankelijk van de door de accountant toegepaste oordeelsvorming, met inbegrip van het inschatten van de risico's dat de jaarrekening een afwijking van materieel belang bevat als gevolg van fraude of fouten.

Bij het maken van deze risico-inschattingen neemt de accountant de interne beheersing in aanmerking die relevant is voor het opmaken van de jaarrekening en voor het getrouwe beeld daarvan, gericht op het opzetten van controle-werkzaamheden die passend zijn in de omstandigheden. Deze risico-inschattingen hebben echter niet tot doel een oordeel tot uitdrukking te brengen over de effectiviteit van de interne beheersing van de stichting.

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Een controle omvat tevens het evalueren van de geschiktheid van de gebruikte grondslagen voor financiële verslaggeving en van de redelijkheid van de door het bestuur van de stichting gemaakte schattingen, alsmede een evaluatie van het algehele beeld van de jaarrekening.

Wij zijn van mening dat de door ons verkregen controle-informatie voldoende en geschikt is om een onderbouwing voor ons oordeel te bieden.

Oordeel betreffende de jaarrekening

Naar ons oordeel geeft de jaarrekening een getrouw beeld van de grootte en samenstelling van het vermogen van Stichting Center for International Legal Cooperation per 31 december 2015 en van het resultaat over 2015 in overeenstemming met de Richtlijnen voor de jaarverslaggeving, in het bijzonder Richtlijn 640 "Organisaties zonder winststreven".

Amsterdam, 13 juni 2016

Dubois & Co. Registeraccountants

Origineel getekend door:
A.P. Buteijn RA

